

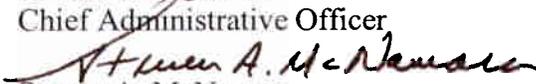
Office of Inspector General  
U.S. House of Representatives  
Washington, DC 20515-9990

MEMORANDUM

TO: Jeff Trandahl  
Clerk of the House

Wilson Livingood  
Sergeant at Arms

James M. Eagen III  
Chief Administrative Officer

FROM:   
Steven A. McNamara  
Inspector General

DATE: June 15, 2000

SUBJECT: Audit Report - Improved Controls Over House Vehicles Are Needed  
(Report No. 00-CCS-04)

This is our final report on the management and control over vehicles within the U.S. House of Representatives. The objective of this audit was to determine whether the Clerk, Sergeant at Arms, and Chief Administrative Officer had effective procedures and practices related to the management of government-owned and leased vehicles within the House. In this report, we identified weaknesses in the management and control over House vehicles and made specific recommendations for corrective actions. Finding E of this report provides detailed information which is confidential and is therefore being distributed on a limited basis.

In response to our September 30, 1999, draft report, your offices concurred with our findings and recommendations. Your management responses are incorporated in this final report and included in their entirety as an appendix. The corrective actions taken and planned by your offices are appropriate and, when fully implemented, should adequately respond to the recommendations. Further, the milestone dates provided for implementing corrective actions appear reasonable.

We appreciate the courtesy and cooperation extended to us by your staff. If you have any questions or require additional information regarding this report, please call me at (202) 226-1250.

cc: Speaker of the House  
Majority Leader of the House  
Minority Leader of the House  
Chairman, Committee on House Administration  
Ranking Minority Member, Committee on House Administration  
Members, Committee on House Administration

# IMPROVED CONTROLS OVER HOUSE VEHICLES ARE NEEDED

Report No. 00-CCS-04

June 15, 2000

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## RESULTS IN BRIEF

### CONCLUSIONS

Improvements are necessary in the management of the House's vehicles. Improvements are necessary because (1) House-owned vehicles are not properly inspected by the District of Columbia; (2) the House may lack assurance that drivers of House vehicles are properly licensed; (3) the House may have the opportunity to pay less for its leased vehicles; and (4) security over some House vehicles is inadequate.

As a result, some of the House-owned vehicles have been operated without valid and current inspections, which increase potential liability to the House. In addition, the House (1) may have paid more than was necessary for its leased vehicles; (2) paid for maintenance expenses that were covered by the manufacturer; (3) lacks assurance that its vehicles are adequately maintained; (4) may violate its lease agreements; and (5) is at risk of having its investment in its vehicles depleted.

### RECOMMENDATIONS

We recommend that the Clerk, the Sergeant at Arms, and the Chief Administrative Officer (1) revise existing vehicle management policy so that it includes provisions for inspection requirements; (2) institute the requirement that a valid driver's license is a condition of employment for all employees who drive House vehicles; (3) require all authorized drivers to sign a copy of the revised policy acknowledging rules, driver responsibilities, and penalties, if any, for driver negligence; (4) require maintenance, key, and usage logs to be kept consistently for all House vehicles; (5) revise existing vehicle management policies; and (6) analyze usage logs to determine the House's combined vehicle requirements and assess the feasibility of implementing a vehicle pool.

We also recommend that the Clerk and Chief Administrative Officer independently verify--at the beginning of employment and on a random basis thereafter--the validity of employee driver's licenses.

In addition, we recommend that the Clerk (1) fully explore purchasing and leasing alternatives and identify the most cost effective method of acquiring the House's vehicles; (2) review leases prior to signing them to ensure that lease restrictions do not conflict with the intended use of the

vehicle to be leased; (3) provide copies of leases to the Sergeant at Arms and the Chief Administrative Officer for their respective leased vehicles; (4) review all leases and adjust maintenance practices accordingly; and (5) replace the non-local repairer with either the delivering dealerships, if services are provided under warranty, or a local repairer.

Further, we recommend that the Sergeant at Arms and the Chief Administrative Officer, in coordination with the Clerk: (1) identify and assign management and maintenance responsibilities for the Sergeant at Arms' and the Chief Administrative Officer's leased vehicles; and (2) select leases that do not contain prohibitive restrictions that run counter to the intended use of the Sergeant at Arms or the Chief Administrative Officer.

Finally, we recommend that the Chief Administrative Officer evaluate total vehicle maintenance requirements and solicit proposals from maintenance providers to perform all vehicle maintenance. In addition, the Chief Administrative Officer should consider total maintenance cost when evaluating proposals.

### **MANAGEMENT RESPONSE**

On February 4, 2000, the Clerk formally concurred with the findings and recommendations of this report. According to the response, the Clerk agreed to: (1) institute the requirement that a driver's license is a condition of employment for those employees that drive House vehicles; (2) promulgate a revised policy for its employees who are authorized drivers and require those employees to sign their acknowledgement of this policy; (3) communicate with the General Services Administration to establish the feasibility of transferring the eight House Officers' vehicles to the General Services Administration when their respective leases expire in 2000 and 2001; (4) ensure better communication with the Sergeant at Arms and the Chief Administrative Officer concerning administrative leasing procedures; (5) institute lease administrative policies and maintenance schedules in conformance with General Services Administration regulations; (6) attempt to resolve any remaining lease use restrictions on current leases; (7) modify and improve current maintenance record-keeping procedures; (8) utilize a repair facility in close proximity to the Capitol; (9) review key-control procedures for its leased vehicles; and (10) work with the Sergeant at Arms and the Chief Administrative Officer to define an effective common method of assessing vehicles usage to determine the viability of a combined vehicle pool system.

On February 1, 2000, the Sergeant at Arms formally concurred with the findings and recommendations of this report. According to the response, the Sergeant at Arms agreed to: (1) ensure that all leased vehicles assigned to the office meet all provisions for inspection; (2) establish a written policy to ensure that the Chevrolet Caprice, on loan from the Capitol Police is properly inspected; (3) extend the policy requiring a valid drivers' license as a condition of employment to include all potential drivers in the Sergeant at Arms office; (4) update the current office vehicle policy for all authorized drivers to sign, acknowledging all rules and responsibilities with regard to operating any official vehicle; (5) provide the Clerk with any information needed to better identify and assign management responsibilities for leased vehicles; (6) provide the Clerk with all vehicle information and requirements prior to the initiating vehicle leases; (7) implement the use of maintenance and usage logs for all vehicles; (8) establish and

maintain maintenance checklists for all vehicles; and (9) work with both the Clerk and the Chief Administrative Officer to better determine House vehicle requirements.

On February 24, 2000, the Chief Administrative Officer formally concurred with the findings and recommendations of this report. According to the response, the Chief Administrative Officer agreed to (1) implement a vehicle inspection requirement; (2) require the possession of a valid driver's license as a condition of employment; (3) notify authorized drivers of their operator responsibilities; (4) establish comprehensive vehicle records on all of the Chief Administrative Officer's vehicles as part of an overall management program; (5) coordinate with the Clerk to ensure that future leases do not include prohibitive restrictions that run counter to the mission of the Chief Administrative Officer; (6) collect and maintain operation, maintenance, and repair data for each vehicle; (7) coordinate with the Clerk and the Sergeant at Arms to assess the feasibility of implementing a vehicle pool for passenger vehicles; and (8) annually survey a minimum of four local vendors to determine the best value for vehicle servicing and maintenance.

<b>OFFICE OF INSPECTOR GENERAL COMMENTS</b>
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The current and planned actions of the Clerk, Sergeant at Arms, and Chief Administrative Officer are responsive to the issues we identified and, when fully implemented, should satisfy the intent of our recommendations. Based upon the actions completed, we consider six of eight recommendations, as they relate to the Chief Administrative Officer, closed.

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## I. INTRODUCTION

### **Background**

Within the U.S. House of Representatives (House), vehicle management responsibilities are decentralized. Thus, each House Officer is responsible for preparing and enforcing policies and procedures to control the use of the vehicles assigned to their respective office. In addition, House vehicles can be separated into two distinct groups: leased and owned vehicles. Offices are completely responsible for House-owned vehicles that are assigned to them. In contrast, offices share management responsibilities with the Office of the Clerk (Clerk) for their leased vehicles. The following is an overview of each Officer's vehicle management responsibilities.

**Clerk** The House leases eight vehicles which are assigned to the Clerk, Sergeant at Arms (SAA), and Chief Administrative Officer (CAO). The Clerk, on behalf of the House, leases these vehicles directly from the three major American automobile manufacturers--Ford Motor Company (Ford), Chrysler Corporation (Chrysler), and General Motors Corporation (GMC)--through the Executive Leasing Program.

Lease terms are for one year with an option to extend the term for an additional year--which the Clerk automatically renews. However, leases are generally limited to a maximum of twenty-four months<sup>1</sup>. At lease-end, the Clerk provides offices with brochures and price listings for the current model year of vehicles in the Executive Leasing Program. The Clerk arranges for vehicles to be returned to and new vehicles picked up from their respective dealers.

In addition, the Clerk administers the lease contracts and maintains records for all of the House Officers' leased vehicles. Throughout the term of the lease, the Clerk schedules maintenance and repairs for all of the House Officers' leased vehicles, provides staff to transport leased vehicles to and from maintenance appointments, and arranges for payment to repairers when the repair costs are not covered under the lease agreement.

**SAA** In addition to the four vehicles leased by the Clerk on behalf of the SAA<sup>2</sup>, the SAA is responsible for managing four House-owned vehicles used by the SAA's House Garages and Parking Security<sup>3</sup>. Although the SAA is able to lease vehicles under its own procurement authority, the Clerk enters the lease agreement on behalf of the SAA at their request. Consequently, the SAA and the Clerk share responsibility for the SAA's leased vehicles. The SAA has complete responsibility--policies, procedures, records, maintenance, usage, tags and inspections--for three Cushman® utility vehicles. However, the SAA shares responsibility with the Capitol Police for the Chevrolet Caprice<sup>4</sup>. In addition to its own vehicle management responsibilities, the SAA is responsible for vehicle security in the House parking facilities and

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<sup>1</sup> The former Clerk set the twenty-four month time limit at the beginning of the 104th Congress.

<sup>2</sup> Leased vehicles consist of a 1998 Jeep Cherokee, a 1998 Ford Crown Victoria, a 1997 Dodge Caravan, and a 1997 Chevrolet Suburban.

<sup>3</sup> Owned vehicles consist of three Cushman® utility vehicles--transferred from the Architect of the Capitol--and one Chevrolet Caprice--on loan from the Capitol Police.

<sup>4</sup> The Capitol Police take care of the maintenance, tags, and inspections for this vehicle.

loading docks because of the SAA's leadership role over House Police Services and House Garages and Parking Security.

**CAO** In addition to the one vehicle leased by the Clerk on behalf of the CAO, the CAO is responsible for managing nine House-owned vehicles. The nine House-owned vehicles range from cargo vans to large moving trucks. Although the CAO is able to lease vehicles under its own procurement authority, the Clerk enters the lease agreement on behalf of the CAO at their request. Consequently, the CAO and the Clerk share responsibility for the CAO's leased vehicle. However, the CAO has complete responsibility--policies, procedures, records, maintenance, usage, tags, and inspections--for the nine House-owned vehicles.

### **Objective, Scope, And Methodology**

The objective of this audit was to determine whether the Clerk, SAA, and CAO had effective procedures and practices related to the management of government-owned and leased vehicles within the House. In addition, we assessed the adequacy of management controls over security procedures, management and maintenance of the House's vehicles, and leasing decision-making. Since the audit was administrative-wide, our audit was conducted within the offices of the Clerk, SAA, and CAO. The audit period was January 5, 1999, through May 30, 1999, and covered management of government-owned and leased vehicles during the period October 1, 1997 to September 30, 1998.

This audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and included such tests as we considered necessary under the circumstances. We reviewed legal requirements, policies, and procedures relating to vehicle management and vehicle leasing. In addition, we did physical vehicle inspections and reviewed maintenance invoices, vouchers, Statements of Disbursements for fiscal year (FY) 1994 to FY 1999, and the Furniture Resource Center's (FRC) maintenance database<sup>5</sup> to evaluate the adequacy of maintenance for the House leased and owned vehicles. Furthermore, we met with Clerk, SAA, and CAO officials responsible for vehicle management to further assess the adequacy of management oversight.

### **Internal Controls**

During this review, we evaluated internal controls for the Clerk, SAA, and CAO pertaining to the management of government-owned and leased vehicles. Weaknesses in the internal control environment are described in the "Findings and Recommendations" section of this report.

### **Prior Audit Coverage**

**Clerk** *Improvements Are Needed In The Management And Operations Of The Office Of The Clerk*, (House OIG Report No. 98-CLK-18, dated December 16, 1998) recommended that the Clerk develop and implement more comprehensive policies and procedures regarding the proper

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<sup>5</sup> Prior to 1995, FRC processed payment vouchers for all House vehicle repairs. FRC kept a record of these vouchers and repairs in a computerized database and in hard copy files.

use of official vehicles, charge cards, and computers. The status of open recommendations is contained in the Exhibit of this report.

**SAA** *Parking Operations Would Benefit From Improvements* (House OIG Report No. 97-SAA-01, dated February 13, 1997) recommended that the SAA identify additional equipment requirements for Parking operations and provide uniform notification of the emergency services provided by Parking operations. The status of open recommendations is contained in the Exhibit of this report.

**CAO** No prior audits were conducted of vehicle management in the CAO.

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## II. FINDINGS AND RECOMMENDATIONS

### Finding A: Compliance With Legal Requirements Needs Improvement

Some House-owned vehicles are not always inspected by the District of Columbia. In addition, the House lacks assurance that drivers of House vehicles are properly licensed. These conditions occurred because the Clerk, SAA, and CAO did not construct comprehensive vehicle management policies to provide for these requirements. As a result, some of the House-owned vehicles have been operated without valid inspections, which increased potential House liability.

#### Legal Requirements

**Vehicle Inspections**<sup>6</sup> The House must abide by District of Columbia laws governing vehicle inspections and emissions tests. Specifically, US 41 CFR Sec. 101-38.201-1 (c) requires each registered vehicle to be inspected annually in accordance with section 40-201 of the District of Columbia, Department of Transportation. In addition, according to US 41 CFR 101 Sec. 101-38.200 (a), House vehicles must be registered with the District of Columbia, Department of Transportation at the time of acquisition. For reasons of safety and liability, the House has a duty to the public and to its employees to ensure that all of its vehicles are safe and in compliance with applicable laws.

**SAA** The SAA did not ensure that the three Cushman® utility vehicles had regular safety inspections. For example, the SAA operated two of its Cushman® utility vehicles without having been inspected since October 1997 (See Figure 1). In addition, the third vehicle had no inspection sticker at all. Consequently, by not properly inspecting the vehicles to identify safety deficiencies, the SAA increased the liability risk to the House.



Figure 1 Expired Inspection Sticker

**CAO** The CAO needs to implement stronger policies and procedures to ensure that the CAO-owned vehicles comply with federal law. Specifically, five of nine CAO-owned vehicles had invalid inspection stickers (See Figure 2).

<sup>6</sup> Both the SAA and the CAO are responsible for House-owned vehicles. In contrast, the Clerk is only responsible for leased vehicles. Audit work confirmed that all leased vehicles were properly inspected by the District of Columbia as is required by federal law.

Vehicle	Office	Inspection Due	Inspection Status
1977 Ford	FRC	Rejected 2/99	Rejected
1981 Ford	OSM	February 1993	Expired
1984 Chevy	FRC	November 1998	Expired
1985 GMC	FRC	July 1998	Expired
1988 Ford	OSM	February 2000	Valid
1990 Chevy	FRC	Rejected 9/98	Rejected
1990 Ford	FRC	September 1999	Valid
1991 Ford	FRC	September 1999	Valid
1995 Ford	OSS	February 2000	Valid

Figure 2 CAO Vehicle Inspection Stickers

For example, the CAO had operated one of its vehicles without having been inspected for over six years (See Figure 3). In total, three CAO vehicles had expired inspection stickers.

Furthermore, the District of Columbia inspection station rejected two CAO vehicles. The first had been rejected nearly seven months before we conducted an unannounced inspection (See Figure 4).



Figure 3 Expired Inspection Sticker



Figure 4 Rejected Inspection Sticker

In addition, another CAO vehicle had been stopped by a District of Columbia police officer, while out on the road, because the vehicle lacked any inspection sticker. As a result, the CAO scheduled the vehicle for inspection which, in addition to various mechanical deficiencies, was rejected for numerous safety violations--one of which was for the lack of seat belts. Thus, until this vehicle was finally inspected--and rejected--in February 1999, CAO employees had been driving on public roads in this unsafe vehicle<sup>7</sup>. To minimize the liability risk to the House, the SAA and the CAO should take the proper steps to ensure that vehicles are safe.

**Authorized Drivers** The House lacks assurance that only properly licensed drivers use its vehicles. Although our audit did not find any instances of unlicensed employees driving House vehicles, neither the Clerk nor the CAO always confirmed that its drivers were properly licensed. In addition, the majority of employee licenses are not subjected to independent verification. As such, even though a copy of the employee's license is on file, the House lacks assurance that the

<sup>7</sup> On March 12, 1999, Asset Management turned this vehicle over to GSA for disposal.

licenses are valid--not suspended or revoked<sup>8</sup>. As an additional precaution, authorized drivers should be required to sign a copy of the policy acknowledging their responsibilities and penalties, if any, for their negligence.

Clerk In November 1997, the Clerk issued a policy requiring valid drivers' licenses for all authorized drivers of Clerk vehicles. However, the Clerk did not file copies of driver's licenses as proof that Clerk employees were properly licensed until the initiation of the audit in January 1999. Yet, based on our review, the Clerk did not have proof of driver's licenses for two of the ten Page Program employees who are authorized to drive the Clerk's vehicles. In addition, although the Clerk's vehicle policy states that licenses are subject to independent verification, this was not done. As such, although the Clerk has a physical copy of the employee's license, the Clerk lacks assurance that the licenses are valid.

SAA All job announcements for the SAA's parking and security positions make possession of a valid driver's license a condition of employment. However, employees in the immediate office are not subject to this requirement. In addition, the SAA policy does not define penalties, if any, for employee negligence.

CAO The CAO did not request proof of driver's licenses for CAO employees that drive House vehicles until the initiation of the audit in January 1999. Also, the CAO policy stated that licenses are subject to independent verification. However, there is no indication that the CAO randomly checked the validity of any employee licenses. Like the Clerk and most of the SAA policy, the CAO policy needs to (1) make driving a condition of employment, and (2) require authorized drivers to sign a copy of the policy acknowledging their responsibilities and penalties, if any, for their negligence.

### **Recommendations**

We recommend that the Clerk, the Sergeant at Arms, and the Chief Administrative Officer:

1. Revise existing vehicle management policy so that it includes provisions for inspection requirements.
2. Institute the requirement that a valid driver's license is a condition of employment for all employees who drive House vehicles.
3. Require all authorized drivers to sign a copy of the revised policy acknowledging rules, driver responsibilities, and penalties, if any, for driver negligence.

We also recommend that the Clerk and Chief Administrative Officer independently verify--at the beginning of employment and on a random basis thereafter--the validity of employee driver's licenses.

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<sup>8</sup> After consulting four Government agencies, we found that internal policies for checking the validity of employee driver's licenses varied significantly from a monthly check to reasonable suspicion. The differences in policies represent the agencies' acceptance of different levels of risk.

**Management Response**

The Clerk, Sergeant at Arms, and Chief Administrative Officer concurred with the recommendations in this finding. In his response, the Clerk stated that his office will submit for approval by the Committee on House Administration the relevant position descriptions to include the requirement for a valid driver's license as a condition of employment for those Clerk employees that drive House vehicles. In addition, the Clerk will promulgate a revised policy for its employees who are authorized drivers and will require those employees to sign an acknowledgement thereof. The revised policy will contain the following additional elements: (1) an employee acknowledgement that driving is a condition of employment; (2) failure to possess a valid driver's license will result in termination of employment; and (3) the Clerk reserves the right to verify the employees driver's license status on a recurring and random basis.

In his response, the Sergeant at Arms stated that his office has maintained a policy to ensure that all leased vehicles assigned to the office meet all provisions for inspection. In addition, the office will establish a written policy to ensure that the Chevrolet Caprice, on loan from the Capitol Police, will be properly inspected. Further, the Sergeant at Arms will extend its vehicle policy to require all potential drivers to possess a valid driver's license as a condition of employment. The Sergeant at Arms also stated that he will update the current vehicle policy for all authorized drivers to sign, acknowledging all rules and responsibilities with regard to operating any official vehicle. Moreover, the Sergeant at Arms stated that, since completion of the audit, his office no longer owns the three Cushman® vehicles noted in this audit report.

In his response, the Chief Administrative Officer stated that his office has implemented a vehicle inspection and inspection management program through a combined vehicle security, operation, maintenance, and management policy. In addition, this policy includes a provision requiring the possession of a valid driver's license as a condition of employment for vehicle operators. All designated drivers have shown proof of their driver's licenses and have been formally notified of their operator responsibilities. Further, the Chief Administrative Officer stated that each vehicle operator has been trained and certified in the following areas of responsibility: (1) daily inspection requirements; (2) vehicle security; (3) vehicle operation and safety; (4) records documentation; and (5) operator accountability.

**Office of Inspector General Comments**

Relative to recommendations 1 through 3, the current and planned actions are responsive to the issues we identified and, when fully implemented, should satisfy the intent of our recommendations. Based on the actions taken by the Chief Administrative Officer, we consider recommendations 1 and 2 closed. Once all employees have signed the Chief Administrative Officer's training form, recommendation 3 will also be closed.

Subsequent to receiving formal responses from the three House Officers, we made an additional recommendation that the Clerk and Chief Administrative Officer require random verification of employee driver's licenses. Relative to this recommendation, the Clerk's response, as it relates to their proposed revised policy, adequately addresses this issue. Although the Chief Administrative Officer's response does not specifically address this issue, we verified that

driver's license verification is included in their January 1999 policy. Therefore, we consider this recommendation closed for the Chief Administrative Officer.

**Finding B: The House May Achieve Savings For Its Leased Vehicles**

The Clerk did not conduct a comparative cost analysis between its current method of leasing and other available sources. As a result, the House may have paid more than was necessary for its leased vehicles.

**Comparative Lease Analysis**

A lease allows a consumer to buy the privilege of using a vehicle without actually gaining any ownership interest in it. As such, lease payments are applied to the depreciation and use of the vehicle--not the actual purchase. When purchasing a vehicle, most consumers finance their purchase and, thus, make monthly payments. Consequently, short lease periods allow the average consumer to consistently drive a new vehicle at a lower monthly cost than if they were to finance that same vehicle. However, purchasing a vehicle can be more economical than leasing if the consumer intends to keep the vehicle for more than three years. As such, consumers should carefully weigh the benefits and costs of leasing and purchasing in order to decide which best meets their needs.

**Leasing Programs** The three major American automobile manufacturers--Chrysler, Ford, and GMC--all offer an Executive Leasing Program. Manufacturers set prices at the beginning of the model year. Generally, the lease price is the same whether the lessee chooses the basic model or one with all available options. However, lease prices, under these agreements, are non-negotiable.

Unlike retail leases, the manufacturers often include liability insurance and protection against property damage. In addition, Chrysler and Ford include routine maintenance as part of the cost of their leases. Furthermore, the leases do not contain mileage restrictions or limitations. Since the lease is directly with the manufacturer, the lessee saves any profit that the retail dealer would inevitably add to the manufacturer's price.

Currently, the House participates exclusively in the Executive Leasing Programs offered by the manufacturers. Through these programs, the Clerk leases eight vehicles for three House Officers. These leased vehicles are used for purposes ranging from moving documents and packages to transporting Members and Pages to various destinations<sup>9</sup>.

When current Clerk personnel assumed leasing responsibilities, they maintained the practices that had been used in the past. Therefore, leases were not competed and price comparisons were not performed. Consequently, the Clerk did not determine whether a lease available through a source other than the Executive Leasing Program would be more economical than their current method of leasing.

**Purchase Versus Lease** Generally, purchasing a vehicle is more economical than leasing one over a protracted period. Payments are finite and the consumer acquires ownership of the asset.

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<sup>9</sup> Specifically, out of the eight leased vehicles four vehicles are primarily used as courier vehicles; the Sergeant at Arms and his deputy use two vehicles; and the remaining two vehicles are used to transport Members to official functions.

Thus, unless the consumer has the need to consistently drive a new vehicle, then purchasing the vehicle would be a more economical choice.

Vehicle Usage In addition to many of the House's leased vehicles being used for courier purposes, House vehicles do not accumulate very many miles. For example, at current usage levels, the House Officers will return these vehicles to the manufacturers at lease-end having only been driven an average of less than 14,000 miles over the two-year lease period. Although these vehicles will have years of useful life remaining, under current arrangements, the House will lease new vehicles. As with any product, the cost of each ensuing lease will inevitably increase over time. Therefore, in an effort to conserve House funds, the Clerk should identify the most economical method for meeting the House's vehicle needs. In order to do a comparative analysis between purchasing and leasing, the Clerk should consider: (1) retail price of a new vehicle; (2) projected life span of an owned vehicle; (3) projected cost to purchase and to lease; and (4) maintenance costs.

Projected Life Span Unlike many products, automobiles have an enormous time range during which they operate until replaced. In addition, there are no universally accepted wear-out rates. According to recent data<sup>10</sup>, the United States currently has more than 200 million motor vehicles on its roads--with the average vehicle being approximately nine years old. Although nine years represents the average age of a vehicle being driven on the road in the United States, it does not indicate the point at which a vehicle should be or is retired. Consequently, in the absence of historical vehicle wear-out data, the Clerk should identify and consider the specific vehicle needs of the House when determining the optimum length of time the House should keep its vehicles if a purchase option is pursued. In making this determination, the Clerk should also consider that the longer a vehicle is owned--but prior to an age where major mechanical failures are prevalent--the greater the potential savings over leasing will be.

Projected Cost to Purchase and to Lease In estimating the cost to purchase a vehicle, the costs of owning a vehicle--maintenance and repairs costs--should be considered. As such, we estimated routine maintenance<sup>11</sup> costs based upon the assumption that routine maintenance will be performed at least every six months at a conservative estimate of \$300 per year. Under the Executive Leasing Program, Chrysler and Ford cover the costs of routine maintenance. As such, maintenance costs for these vehicles are not applicable when determining total lease cost over the projected life span of the vehicle. However, GMC does not include routine maintenance in its Executive Leasing Program vehicles. Thus, the Clerk should consider these factors when performing its analysis.

Maintenance Costs In contrast to routine maintenance, the cost of major repairs is difficult to estimate. However, regardless of the specific manufacturer, vehicles come with a minimum warranty of three years or 36,000 miles. Therefore, any major repairs during the first three years will be covered by the manufacturer warranty. Furthermore, after expiration of the three-year warranty, based on current usage, these vehicles will likely have been driven, on average, less

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<sup>10</sup> Alliance of Automotive Manufacturers Association, *1998 Motor Vehicle Facts and Figures*.

<sup>11</sup> Routine maintenance can include changing the oil and filter; lubricating mechanical parts; checking fluids and tire pressure; and rotating tires.

than 21 thousand miles--low mileage and routine care minimize the probability of major repairs. The Clerk should consider these factors when performing its analysis.

### **Recommendation**

We recommend that, at the end of the current lease terms, the Office of the Clerk fully explore purchasing and leasing alternatives and identify the most cost effective method of acquiring the House's vehicles.

### **Management Response**

The Clerk concurred with the recommendation in this finding. In his response, the Clerk stated that, prior to the completion of the audit process, the office had instituted correspondence and communication with GSA to establish the feasibility of transferring to the GSA lease program as current leases for the eight House Officers' vehicles expire in 2000 and 2001. Further, the Clerk stated that since the GSA lease program runs on a cyclical basis, the Clerk's ability to acquire comparable replacement vehicles depends upon availability of a particular model or class of vehicle at the time. In addition, the Clerk stated that the office will work diligently to obtain through the GSA lease program appropriate vehicles that most cost-effectively meet the House Officers' requirements for official business, provided they become available through GSA as current leases expire.

### **Office of Inspector General Comments**

The current and planned actions are responsive to the issues we identified and, when fully implemented, should satisfy the intent of our recommendation.

**Finding C: Improvement Needed to Coordinate Management Of House-Leased Vehicles**

Improvements are needed in the management of vehicles leased to the House. Such improvements are necessary because the Clerk, SAA, and CAO did not adequately coordinate and communicate management responsibilities for the House's leased vehicles. As a result, the House paid for maintenance expenses that were covered by the manufacturer, lacks assurance that its vehicles are adequately maintained, and may violate its lease agreements.

**Coordinated Management**

Although the Clerk is uninvolved in the day-to-day operation of the vehicles assigned to the SAA and the CAO, the Clerk serves as an overall lease manager. However, the Clerk did not communicate the terms and conditions of the leases to the SAA or to the CAO or keep adequate maintenance records for these vehicles.

**Terms of the Lease Contracts** As administrator of the House's lease contracts, the Clerk should be familiar with the terms and conditions of the leases. Specifically, since the Clerk signs these leases, the House is bound to the terms and conditions contained within. During the vehicle selection process, the Clerk should alert their own vehicle managers as well as the SAA and CAO to any restrictions that may conflict with their vehicles' intended use. In addition, prior to signing a lease, the Clerk should review it for any restrictions that present obvious conflicts. These restrictions should then be conveyed to vehicle managers so that, if necessary, an alternate manufacturer can be selected. Finally, upon signing the lease, the Clerk should provide a copy of the lease to the respective vehicle manager.

Clerk personnel need a more thorough understanding of the lease contracts and their restrictions, specifically in the areas of maintenance, restrictions on vehicle use, and unlicensed drivers. Further, the Clerk does not convey lease restrictions to vehicle managers at any time during the vehicle selection process or distribute lease copies to vehicle managers.

**Vehicle Maintenance** Most standard lease agreements do not include routine maintenance. However, two of the three manufacturers that offer Executive Leasing Programs--Chrysler and Ford--incorporate routine maintenance into the cost of the lease. Vehicles must be taken to the delivering dealership in order to receive these maintenance services. However, the Clerk believed that GMC--not Chrysler--included routine maintenance. As such, the Clerk scheduled and transported all GMC and Ford leased vehicles, including those assigned to the SAA and the CAO, to the delivering dealerships for routine maintenance and repairs. Ford covered the costs of these services--however, GMC did not.

In contrast, the Clerk mistakenly believed that Chrysler did not include routine maintenance as part of its lease agreements. As a result, the House has unnecessarily incurred the costs of maintenance expenses that were covered by Chrysler. Chrysler leases state that the delivering dealership will provide, free of charge, all tire rotations, and filter and oil changes. However, the Clerk's limited maintenance records reveal that the House paid for maintenance services, provided by a Chrysler dealership, which should have been covered under the lease. For example, in October 1998, the Clerk took one of the leased vehicles to a Dodge dealership for routine maintenance. The lease for this vehicle specifically states that the dealer will provide

these services to the lessee at no cost. However, the Clerk paid for these services. Had the Clerk been more familiar with its own lease agreements, the House would have not incurred this expense. Furthermore, we could not estimate how often this practice occurred because the Clerk does not consistently retain maintenance or repair records.

In addition, the Clerk routinely sends Chrysler vehicles to an independent repairer for maintenance services provided for under the lease agreement. Specifically, the Clerk took leased Chrysler vehicles to a non-Chrysler-affiliated repairer located in Springfield, Virginia<sup>12</sup>. For example, in January 1999, this repairer performed oil, lube, and filter service even though Chrysler would have performed this service at no cost. Similarly, since the Clerk does not keep maintenance records, it is impossible to determine how many other maintenance services this repairer unnecessarily performed. Although most of the House's leased vehicles have very low mileage--and therefore would require less maintenance than the average vehicle on the road--the Clerk incurred an indeterminable amount of maintenance costs that were covered under the lease agreement.

Furthermore, the Clerk's use of this repairer resulted in loss of employee time and vehicle usage. To illustrate, two Clerk employees--one employee to drive the vehicle that needed to be repaired and the other employee to drive both employees back to the Capitol--were necessary whenever lengthy repairs were required. Considering that this repairer is located in Springfield, Virginia, this process takes considerably more time than if a repairer located in closer proximity to the Capitol had been used. Consequently, a change in current Clerk repair practices could potentially save personnel and vehicle resources as well as House maintenance funds.

Vehicle Use Restrictions The Clerk does not provide the offices, on whose behalf the Clerk enters lease agreements, with copies of those lease agreements. As such, these offices are likely unaware of certain lease restrictions. Consequently, this emphasizes the need for the Clerk to thoroughly understand the contract and to relay any limitations to vehicle managers. For example, certain Chrysler leases restrict the use of its leased vehicles to chauffeur-driven assignments only. These leases specifically prohibit using vehicles for "messenger and/or transit use." In addition, these leased vehicles "may not be operated outside of Washington DC, Maryland, or Virginia unless such vehicles are operated by units of the United States Military using United States Military license plates." Although these limitations are clearly listed in the "Restrictions" section of certain Chrysler leases, the Clerk was unaware that these restrictions had been imposed. As such, the Clerk did not relay these restrictions to the SAA or to the CAO during vehicle selection. Failure to do so could cause the SAA and the CAO to unknowingly violate the terms of their lease agreements.

For example, the Clerk leases two Chrysler vehicles--a 1997 Dodge Caravan and a 1998 Jeep Grand Cherokee--for the SAA. However, the Clerk did not alert the SAA--either during vehicle selection or afterwards--of any restrictions in the lease. Although the SAA vehicles are largely used for non-courier purposes, these vehicles are often taken to official events outside the local area to provide transportation and security support to Members. During such trips, SAA

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<sup>12</sup> The Clerk's Office could not offer any factors used to select this repairer as its maintenance provider for its Chrysler vehicles. The Clerk's Office stated that this repairer had historically provided maintenance services even though there are repairers who are in closer proximity to the Capitol.

employees or Capitol Police officers--not the military, as stipulated in the lease--operate the vehicles.

Since Chrysler did not begin including the restriction against operating its vehicles outside the Washington metropolitan area until 1998, this restriction applies only to the 1998 Jeep. Although the 1998 Jeep is used primarily by the Sergeant at Arms, the SAA uses all available vehicles to transport Members when circumstances warrant it. Trips outside of the Washington metropolitan area violate the 1998 Jeep's lease. However, since the SAA did not start a usage log until February 1999, we could not determine whether the Jeep had been driven outside the area stipulated by Chrysler.

**Maintenance Records** Throughout the term of the lease, the Clerk schedules maintenance and repairs for all of the House's leased vehicles. The Clerk provides staff to transport the vehicle to and from its maintenance appointments and arranges for payment to the repairer when the repair costs are not covered under the lease agreement.

Consequently, the Clerk is in the best position to compile a complete and accurate maintenance file for each leased vehicle. As such, SAA and CAO vehicle managers believed that the Clerk maintained complete records of all maintenance performed on their leased vehicles. Further, vehicle managers stated that they planned to or had in the past called the Clerk to find out the date or exact mileage of their last oil change.

However, the Clerk did not have complete maintenance records. For example, in May 1997, the Clerk signed a lease agreement on behalf of the SAA for a Chevrolet Suburban. As shown in Figure 5, the Clerk only had two maintenance records on file for this vehicle--both dated after the initiation of the audit.

Date of Invoice	Mileage on Invoice	Service Performed	Cost
1/7/99	10,386	Front and rear brakes	\$435.71
2/11/99	11,857	Lube, oil, and filter	\$24.95

Figure 5 Maintenance Records for the 1997 Chevrolet Suburban

Consequently, it was impossible to verify whether leased vehicles were properly maintained. Furthermore, without records to accurately track time and mileage intervals between maintenance services, the offices to which these vehicles are assigned may unwittingly violate the maintenance clause in their lease agreement by failing to abide by the manufacturer-recommended maintenance schedule.

For example, the Clerk signed a lease agreement for a van on behalf of the CAO. Postal Operations, the office within the CAO to which the leased van is assigned, believed that the Clerk was responsible for tracking and scheduling all routine maintenance and keeping all necessary records. However, the Clerk does not track maintenance needs--routine or otherwise. Consequently, no records exist for the CAO leased van. This lack of coordination emphasizes

the need for maintenance requirements to be specified in the Clerk's vehicle management policy and for better coordination between the Clerk and the other House Officers. As a result, the Clerk and the CAO cannot adequately ensure that the CAO's leased van is properly maintained and the House complies with the terms of its lease agreement with the manufacturer.

### **Recommendations**

We recommend that the:

1. Clerk:
  - a. Review leases prior to signing them to ensure that lease restrictions do not conflict with the intended use of the vehicle to be leased.
  - b. Provide copies of leases to the Sergeant at Arms and the Chief Administrative Officer for their respective leased vehicles.
  - c. Review all leases and adjust maintenance practices accordingly.
  - d. Replace the non-local repairer with either the delivering dealerships, if services are provided under warranty, or a local repairer.
2. Sergeant at Arms and the Chief Administrative Officer, in coordination with the Clerk:
  - a. Identify and assign management and maintenance responsibilities for the Sergeant at Arms' and the Chief Administrative Officer's leased vehicles.
  - b. Select leases that do not contain prohibitive restrictions that run counter to the intended use of the Sergeant at Arms or the Chief Administrative Officer.

### **Management Response**

The Clerk, Sergeant at Arms, and Chief Administrative Officer concurred with the recommendations in this finding. In his response, the Clerk stated that his office has started a review of its internal lease administration procedures to ensure better coordination with the Sergeant at Arms and the Chief Administrative Officer. Accordingly, as the Office of the Clerk converts to the General Services Administration lease program, where practicable, the Clerk will institute lease administration policies in conformance with General Services Administration regulations--including General Services Administration maintenance procedures. The Clerk will also coordinate with the Sergeant at Arms and the Chief Administrative Officer to identify any exemptions as may be necessary for their official purposes and as provided for under GSA regulations. The Clerk will work with the other House Officers to resolve any remaining use restrictions for those vehicles currently leased under the Executive Lease Program. In addition, the Clerk stated that, within the past three months, his office has entered into an agreement with a qualified repairer within three blocks of the Capitol to provide non-warranty maintenance for Executive Lease Program vehicles.

In his response, the Sergeant at Arms stated that his office will provide the Clerk with (1) any information necessary to better identify and assign management responsibilities, and (2) all vehicle information and requirements prior to initiating vehicle leases.

In his response, the Chief Administrative Officer stated that his office has implemented a combined vehicle security, operation, maintenance, and management policy that provides for managing and maintaining all vehicles assigned to the Chief Administrative Officer, to include leased vehicles. Further, the Chief Administrative Officer stated that his office has established a process for maintaining records on all vehicles assigned to their office as part of a comprehensive vehicle management program. In addition, the Chief Administrative Officer agreed to coordinate with the Office of the Clerk to assure that future leased vehicles do not contain prohibitive restrictions that run counter to the intended use.

### **Office of Inspector General Comments**

The current and planned actions are responsive to the issues we identified and, when fully implemented, should satisfy the intent of our recommendations.

The Chief Administrative Officer's actions close recommendation 2--as it applies to the Chief Administrative Officer.

**Finding D: Vehicles Management Policies Need Improvement**

Improvements in the management of the House's vehicles are needed. These improvements are necessary because the Clerk, SAA, and CAO did not ensure that vehicles were properly maintained or managed and did not perform a formal vendor selection process to fulfill maintenance needs for House-owned vehicles. As a result, the House is at risk of having its investment in its vehicles depleted.

**Internal Management Policies**

Since vehicle management is decentralized throughout the House, each House Officer is responsible for developing and enforcing policies and procedures relevant to those House vehicles assigned to their respective office. Consequently, policies and procedures amongst the House Officers vary in degree of formality and comprehensiveness. However, all of these policies would benefit if record keeping--maintenance, key, and usage logs--and maintenance requirements were more clearly defined.

**Maintenance Logs** A maintenance log is invaluable for early detection of mechanical problems because it tracks vehicle deficiencies identified and recorded by its drivers. Costly repairs can be avoided if problems are corrected promptly--while they remain minor nuisances. For example, prior to operation, drivers visually inspect the vehicle and check its fluids to identify any problems. Deficiencies noted during the course of driving the vehicle should also be noted in this log. Information from this log is used to schedule necessary maintenance or repairs. In addition, such records are an aid for management to determine when maintenance and repairs begin to exceed the vehicle's value and to plan for vehicle replacement.

Clerk Although the Clerk does not require managers to keep maintenance logs, the Document Distribution Office, a division within the Clerk, independently developed and implemented its own maintenance log. This maintenance log was consistently completed and noted vehicle deficiencies that needed to be corrected. The Clerk should require that this type of log be performed for its other vehicles as well.

SAA The SAA implemented the use of maintenance logs at the beginning of 1999 for its four leased vehicles. However, the SAA does not require managers to keep maintenance logs for SAA's three Cushman® utility vehicles or the Chevrolet Caprice. Although the Capitol Police have a maintenance schedule for the Chevrolet Caprice, a maintenance log for this vehicle would identify problems that occur in between scheduled routine maintenance.

CAO The CAO policy needs to be revised to require managers to keep maintenance logs. Office Supply Service and Office Systems Management, accounting for three of the nine CAO-owned vehicles, did not keep such logs. The Furniture Resource Center (FRC) accounts for the remaining six CAO-owned vehicles. Although FRC independently developed a maintenance log<sup>13</sup>, these logs were not consistently kept and often contained gaps--of months and, at times, years--between recorded entries.

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<sup>13</sup> FRC developed a maintenance log but did not consistently use it in the past. However, at the beginning of the audit, FRC revised its maintenance log and was in the process of implementing this requirement for all of its drivers.

CAO vehicles differ from that of the Clerk and the SAA in that ninety percent are, on average, nearly 12 years old. Although old, CAO vehicles have very low mileage. In fact, eight out of the ten CAO vehicles have been driven less than 20,000 miles. For example, one vehicle--a 1988 Ford van--is 11 years old, but has only been driven 14,779 miles. However, this vehicle would cost over \$20,000 if the House were to replace it today. In order to delay incurring the cost of replacement, maintaining existing vehicles should receive a high priority.

The CAO needs to give vehicle maintenance greater priority. For example, two of the vehicles, driven 11,577 and 16,295 miles respectively, failed inspection tests (See Finding A). Since repairs required by the District of Columbia's inspection laws cost more than the book value of the vehicles, the CAO opted to retire these vehicles rather than to repair them--a 20 percent vehicle reduction.

**Key and Usage Logs** Key and usage logs allow managers to track and control their vehicles. For example, a key log allows a manager to track vehicle keys and to ensure that keys only go to authorized drivers. In addition, if a vehicle is involved in an accident and the employee fails to report this, a manager can identify the responsible employee by reviewing the usage log. Furthermore, a usage log allows managers to maximize the use of their vehicles. For example, when vehicle use is consistently tracked, managers can use this data to determine (1) the appropriate number of vehicles, (2) whether offices warrant having their own vehicle, and (3) whether a vehicle pool should be created to facilitate sharing and maximize use.

**Clerk** Two of the three Clerk vehicles have a primary driver assigned to each vehicle. Thus, tracking keys and usage to drivers would be an easy task. However, multiple drivers use the third vehicle. As such, tracking keys and usage becomes essential in properly carrying out management oversight. Further, since multiple offices use this vehicle, a usage log would curtail over-scheduling. However, the Clerk does not require key or usage logs for its vehicles. Consequently, the Clerk lacks adequate assurance that vehicles are only used for official purposes.

In addition, the Clerk assumed that all authorized drivers lock keys in their desk drawers. However, no one is assigned responsibility for keeping track of these keys. Consequently, the Clerk lacks assurance that keys are kept in a secure storage device. As such, the Clerk needs to establish controls over and designate responsibility for vehicle keys.

**SAA** The immediate office controls the keys for the SAA's leased vehicles and keeps these keys in a secure lock box. In addition, the four authorized drivers in the office of Parking Security each keep a set of keys for the Chevrolet Caprice. In addition, keys to the three Cushman® utility vehicles are kept in the vehicles during the day and are placed in a locked box at night.

On February 3, 1999, the SAA began to keep one usage log to track its leased vehicles. Whenever a leased vehicle is used, the SAA records the vehicle, driver, date, and destination. In contrast, no usage logs are maintained for the vehicles used to canvass the parking garages and lots. Although Parking personnel record vehicle emergencies in a log book, the log book does not identify the vehicle used to respond to each call. Since multiple drivers use the SAA's vehicles, a key and usage log would provide management better control over its vehicles. Consequently, the SAA lacks adequate assurance that vehicles are only used for official

purposes. Furthermore, the SAA cannot readily identify the responsible individual in case of an accident, loss, or damage to the vehicles.

CAO In January 1999, the CAO implemented a uniform policy regarding the control and use of its owned vehicles. Prior to that date, the CAO only required Postal Operations to maintain a key and usage log for its leased van.

### **Maintenance Requirements**

The House needs to adequately maintain its vehicles to protect its investment. Vehicles that are properly maintained often last longer and require less costly, major repairs. Maintenance records are critical to accurately track time and mileage intervals between maintenance services. Manufacturers recommend maintenance at specified intervals in order for their vehicles to operate at optimum performance--normally, every 3,000 miles or six-months, whichever occurs first. Consequently, vehicle management policies should reflect the manufacturer's recommended maintenance schedule. However, we found little evidence that any of the House's vehicles received regularly scheduled manufacturer-recommended maintenance.

In order to ensure that such maintenance is performed, the House Officers' policies need to be revised to define maintenance expectations and provide employees maintenance guidelines to follow. Further, these policies should require that maintenance records be kept for House vehicles. (See Finding C for a complete discussion of the House's leased vehicle maintenance deficiencies.)

**Vendor Selection** In order to maximize buying power, contracting officers consolidate purchase requirements and solicit competitive bids from vendors. In a vehicle management scenario, the contracting officer--using the bargaining power of multiple vehicles to drive down costs--would solicit bids from qualified local repairers to fulfill its maintenance requirements. In choosing a repairer, the contracting officer would analyze cost, convenience, and quality. After a repairer is selected, the selected repairer would handle all non-emergency maintenance needs not covered by a manufacturer warranty. (See Finding C for a discussion of maintenance providers for the House's leased vehicles.)

**Lost Savings** For the limited repairs that were performed on CAO vehicles, the CAO did not solicit bids from qualified repairers. Consequently, maintenance requirements were not negotiated as a package and collective bargaining power and quantity discounts may have been lost.

### **Recommendations**

We recommend that the:

1. Clerk, Sergeant at Arms, and Chief Administrative Officer revise existing vehicle management policies to:
  - a. Require maintenance, key, and usage logs to be kept consistently for all House vehicles.

- b. Revise the existing vehicle management policy so that it includes, at a minimum, provisions for maintenance and repair record requirements.
  - c. After implementing vehicle usage logs, analyze usage logs to (1) determine the House's combined vehicle requirements and (2) assess the feasibility of implementing a vehicle pool.
2. Chief Administrative Officer evaluate total vehicle maintenance requirements and solicit proposals from maintenance providers to perform all vehicle maintenance. In addition, the Chief Administrative Officer should consider total maintenance cost when evaluating proposals.

### **Management Response**

The Clerk, Sergeant at Arms, and Chief Administrative Officer concurred with the recommendations in this finding. In his response, the Clerk stated that his office will establish maintenance record-keeping procedures for all House Officers' leased vehicles to provide for a uniform mileage reporting system and to ensure timeliness of service. In addition, the Clerk stated that his office is reviewing key control practices to identify the most effective and reasonable method of control. Further, the Clerk stated that he will work with the Sergeant at Arms and the Chief Administrative Officer to define an effective method of assessing vehicle usage to determine the viability of a combined vehicle pool system.

In his response, the Sergeant at Arms stated that, beginning in 1999, his office implemented the use of maintenance logs. In addition, his office has recently implemented usage logs in both the immediate and Parking Security offices. The Sergeant at Arms also stated that maintenance checklists have been established and are kept in all Sergeant at Arms' vehicles. The Sergeant at Arms also agreed to work with the Clerk and the Chief Administrative Officer to better determine House vehicle requirements.

In his response, the Chief Administrative Officer stated that their new combined vehicle policy includes provisions (1) that hold employees accountable for vehicle operation and completion of required records, and (2) for maintenance and repair records to be kept in each vehicle with complete permanent records being kept by the Office of Media and Support Services. The Chief Administrative Officer stated that since the majority of vehicles assigned to his office are cargo-style vehicles, vehicle sharing would not fit the missions of the other Officers. However, the Chief Administrative Officer agreed to provide a full vehicle use analysis for its one leased van and work collectively with the Clerk and the Sergeant at Arms in periodically performing the House combined vehicle requirements and assessment of the feasibility of implementing a vehicle pool for passenger vehicles. Further, the Chief Administrative Officer agreed to annually survey a minimum of four local vendors to determine the best value for vehicle servicing and maintenance for those vehicles assigned to his office.

### **Office of Inspector General Comments**

The current and planned actions are responsive to the issues we identified and, when fully implemented, should satisfy the intent of our recommendations.

The Chief Administrative Officer's actions close these recommendations--as they apply to the Chief Administrative Officer.

**EXHIBIT**

**Status Of Implementation Of Prior Audit Report Recommendations**

Report and Recommendation Number.	RECOMMENDATIONS ACTIONS COMPLETED TO DATE ACTIONS NEEDED FOR CLOSURE	STATUS TARGET DATE
<b>Audit Report No. 97-SAA-01, entitled <i>Parking Operations Would Benefit From Further Improvements</i>, dated February 13, 1997:</b>		
5	<p><b>RECOMMENDATION:</b> Identify additional equipment requirements for Parking operations and, if appropriate, develop a proposal, for approval by the Committee on House Oversight, to purchase such equipment.</p> <p><b>ACTION COMPLETED:</b> The SAA obtained additional equipment for Parking operations which includes three Cushman® utility vehicles, a Chevrolet Caprice equipped with emergency lights and front-end jumper (loaned from the Capitol Police), a high impact wrench set, a new air tank, and a new hydraulic jack.</p>	Closed
6	<p><b>RECOMMENDATION:</b> Provide uniform notification of the emergency services provided by Parking operations.</p> <p><b>ACTION COMPLETED:</b> The SAA included a notice of Parking operation’s expanded emergency services in the January/February 1997 issue of the Committee on House Oversight’s newsletter, “House Oversight Resource.” In addition, the SAA’s Home Page on the House Intranet includes “Assisting motorists with any vehicle emergencies” among the duties of the Office of Garages and Parking Security.</p>	Closed

Report and Recommendation Number.	RECOMMENDATIONS ACTIONS COMPLETED TO DATE ACTIONS NEEDED FOR CLOSURE	STATUS TARGET DATE
<b>Audit Report No. 98-CLK-18, entitled <i>Improvements Are Needed In The Management And Operations Of The Office Of The Clerk, dated December 16, 1998:</i></b>		
A.4.	<p><b>RECOMMENDATION:</b> Develop and implement more comprehensive policies and procedures regarding the proper use of official vehicles, charge cards, and computers; and adopt CHO approved information systems security and SDLC policies and procedures.</p> <p><b>ACTION COMPLETED:</b> The Clerk promulgated a policy specific to the use of its official vehicles and terminated use of the gas credit card. In addition, all expenditures for official travel are subject to prior approval by the Clerk. Additional policies pertaining to the use of personal computers have since been incorporated into the most recent version of the <i>Supplemental Personnel Policies of the Officers and Inspector General of the U.S. House Of Representatives.</i></p>	Closed

JEFF TRANDAHL  
CLERK

MARTHA C. MORRISON  
DEPUTY CLERK

Office of the Clerk  
U.S. House of Representatives  
Washington, DC 20515-6601

MEMORANDUM

**TO:** Robert B. Frey III  
Acting Inspector General  
U.S. House of Representatives

**FROM:** Jeff Trandahl, Clerk   
U.S. House of Representatives

**SUBJECT:** Response to Audit: *Improved Controls Over House Officers' Vehicles Are Needed*

**DATE:** February 4, 2000

Thank you for the opportunity to comment on the audit, *Improved Controls Over House Officers' Vehicles Are Needed*. We have reviewed and concur with the report's recommendations that pertain to the Office of the Clerk .

I have also included a brief response to the audit recommendation made in a previous audit report pertaining to the management and operations of the Office of the Clerk.

Our comments for each of the relevant recommendations related to the House Officers' official vehicles are provided below:

**Finding A: Compliance With Legal Requirements Needs Improvement**

**Recommendation 2:** Institute the requirement that a valid drivers' license is a condition of employment for all employees who drive House vehicles.

**CONCUR.**

The Office of the Clerk will submit for approval to the Committee on House Administration redescriptions of the relevant position descriptions to include the requirement that a valid driver's license is a condition of employment for those employees of the Office of the Clerk who drive House vehicles.

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**Recommendation 3:** Require all authorized drivers to sign a copy of the revised policy acknowledging rules, driver responsibilities, and penalties, if any, for driver negligence.

**CONCUR.**

Subject to the Committee's approval of the aforementioned position redescrptions, the Office of the Clerk will promulgate a revised policy for its employees who are authorized drivers and require those employees to sign their acknowledgment thereof. The revised policy will contain the following additional elements: 1) that the employee acknowledges that driving is a condition of his/her employment, 2) that failure to possess a valid vehicle operator's license will result in the termination of employment in that position, and 3) that the Clerk reserves the right to independently verify the employee's operator's license status upon appointment to the position and anytime thereafter on either a regular recurring or random basis.

**Finding B                      The House May Achieve Savings For Its Leased Vehicles**

**Recommendation:** That, at the end of the current lease terms, the Office of the Clerk fully explore purchasing and leasing alternatives and identify the most cost effective method of acquiring the House's vehicles.

**CONCUR.**

The Office of the Clerk has, prior to the completion of this audit process, instituted correspondence and communication with GSA to establish the feasibility of transferring to the GSA lease program as current leases for the eight House Officers' vehicles under the Executive Leasing Program expire in 2000 and 2001. Since the GSA lease program runs on a cyclical basis, the Clerk's ability to acquire comparable replacement vehicles from GSA depends on availability of a particular model or class of vehicle at the time. The Office of the Clerk will work diligently to obtain through the GSA lease program appropriate vehicles that most cost-effectively meet the House Officers' requirements for official business, provided they become available through GSA as current leases expire. For the immediate term, the Clerk will seek to convert, where practicable, to the GSA lease program for those vehicles with current leases that expire in early 2000. The Office of the Clerk will explore the purchasing alternative for all House Officers' vehicles, particularly the feasibility of converting for those vehicles with current leases due to expire in 2001.

**Finding C: Coordinated Management Of House-Leased Vehicles Needs Improvement**

- Recommendation 1:**
- review leases prior to signing them to ensure that lease restrictions do not conflict with the intended mission of the vehicle to be leased;
  - provide copies of lease to the Sergeant at Arms and the Chief Administrative Officer for their respective leased vehicles;
  - review all leases and adjust maintenance practices accordingly;
  - replace the non-local repairer with either the delivering dealership, if services are provided under warranty, or a local repairer.

**CONCUR.**

Since the initiation of the audit, the Office of the Clerk has begun a review of its internal lease administration procedures, to ensure better coordination with the Sergeant at Arms and the CAO. Accordingly, as the Office of the Clerk, in consultation with the other Officers, converts to the GSA lease program where practicable, the Clerk will institute lease administration policies in conformance with GSA regulations. This will require the Sergeant at Arms and the CAO to submit to the Clerk in advance, together with their vehicle requirements, any exemptions as may be necessary for their official purposes and as provided for under GSA regulations. In addition, Clerk maintenance procedures will be conducted in conformance with GSA schedules and recorded consistent with GSA practices. For vehicles currently leased under the Executive Leasing Program, the Clerk will work with the Officers to resolve any remaining use restrictions and will modify and improve maintenance record-keeping procedures. The Office of the Clerk has within the past three months, entered into an agreement with a bona-fide auto repair facility within three blocks of the U.S. Capitol to provide non-warranty maintenance on Executive Lease Program vehicles.

**Finding D: Vehicle Management Policies Need Improvement**

**Recommendation 1:** Clerk, Sergeant at Arms, and Chief Administrative Office revise existing vehicle management policies to:

- require maintenance, key, and use logs to be kept consistently for all House vehicles;
- revise the existing vehicle management policy so that it includes, at a minimum, provisions for maintenance and repair record requirements;

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- after implementing vehicle usage logs, analyze usage logs to (1) determine the House's combined vehicle requirements and (2) assess the feasibility of implementing a vehicle pool.

**CONCUR.**

As stated in the previous recommendation, the Office of the Clerk is revamping maintenance record-keeping procedures for all House Officers' leased vehicles, to provide for a uniform mileage reporting system and to ensure timeliness of service. In addition, the Office of the Clerk has begun a review of key control practices for its three leased vehicles, to determine the most effective and reasonable practices given use and accessibility. The Clerk will work with the Sergeant at Arms and the CAO to define an effective common method of assessing vehicle usage to determine the viability of a combined vehicle pool system.

**Response to Prior Audit Recommendation**

**Recommendation:** (98-18, A.4) Develop and implement more comprehensive policies and procedures regarding the proper use of official vehicles, charge cards, and computers; and adopt CHO approved information systems security and SDLC policies and procedures.

**COMPLETED.**

The Office of the Clerk promulgated a policy specific to the use of its official vehicles and terminated the Exxon gas card. In January, 1999, The Office of the Clerk began obtaining gas for its leased vehicles through the Architect of the Capitol's program. Employees of the Office of the Clerk who have been authorized by the Clerk to hold the Citibank VISA credit card for official travel are bound by the official use credit restrictions and policies agreed to upon issuance. All expenditures for official travel are subject to prior approval by the Clerk. Additional policies pertaining to personal use of computers have since been incorporated into the most recent version of the *Supplemental Personnel Policies of the Officers and Inspector General of the U.S. House of Representatives* and a personal use message appears as a log-in banner screen on all Clerk personal computers. The Office of the Clerk has adopted and implemented CHA approved information security systems and is participating with the CAO through IRMAC in the implementation of revised SDLC policies and procedures as promulgated by CHA June, 1999.

WILSON LIVINGOOD  
SERGEANT AT ARMS

JIM VAREY  
DEPUTY SERGEANT AT ARMS

Office of the Sergeant at Arms  
U.S. House of Representatives  
Washington, DC 20515-6634

February 1, 2000

**MEMORANDUM**

To: Robert Frey  
Inspector General (Acting)

From: Wilson Livingood   
Sergeant at Arms

Subject: Response to Audit Report entitled Improved Controls Over House Officers' Vehicles are Needed

Having reviewed your Audit Report regarding the control over Sergeant at Arms vehicles, I am forwarding my responses to your findings and recommendations.

Finding A: Compliance With Legal Requirements Needs Improvement

1. The Sergeant at Arms office has maintained a policy to ensure that all leased vehicles assigned to the office meet all provisions for inspection. The office will establish a written policy to ensure that the Chevrolet Caprice, on loan from the Capitol Police is properly inspected. The office no longer owns the three cushman vehicles mentioned in the report.
2. The Sergeant at Arms has previously established a policy to require a valid drivers' license as a condition of employment in the Office of Parking Security. This policy will be extended to include all potential drivers in the Sergeant at Arms office.
3. The Sergeant at Arms office will update the current office vehicle policy for all authorized drivers to sign, acknowledging all rules and responsibilities with regard to operating any official vehicle.

Finding C: Coordinated Management Of House-Leased Vehicles Needs Improvement

2. a) The Sergeant at Arms office will provide the Office of the Clerk with any information needed to better identify and assign management responsibilities.
- b) The Sergeant at Arms office will provide the office of the Clerk with all vehicle information and requirements prior to the initiating vehicle leases.

Finding D: Vehicle Management Policies Need Improvement

1. a.) All keys for leased vehicles assigned to the Sergeant at Arms office have been kept in a secure lock box. At the beginning of 1999, the office also implemented the use of maintenance logs for these vehicles to help identify any mechanical problems that may have occurred. Usage logs have also been implemented in both the immediate office and

the Parking Security office. These logs help the office track its vehicles by requiring the authorized driver to sign for the vehicle every time it is in use.

b.) Maintenance checklists have been established and are kept in all Sergeant at Arms vehicles. These checklists are filled out weekly and the information gathered is used to schedule maintenance.

c.) The Sergeant at Arms will continue to work with both the Clerk and the CAO to better determine House vehicle requirements.

James M. Eagen III  
Chief Administrative Officer

Office of the  
Chief Administrative Officer  
U.S. House of Representatives  
Washington, DC 20515-6860

MEMORANDUM

**To:** Robert B. Frey III  
Acting Inspector General

**From:** Jay Eagen  
Chief Administrative Officer

**Subject:** CAO Response to the Audit Report "Improved Controls Over House Officers' Vehicles Are Needed"

**Date:** FEB 24 2000

Thank you for the opportunity to comment on the audit report on the House Officers' vehicles. We have reviewed the draft report and the recommendations therein and find the report to be helpful in addressing the controls over the CAO's vehicles. Our specific comments to each recommendation follow below.

**Recommendation A.01.** We recommend that the Clerk, the Sergeant at Arms, and the Chief Administrative Officer revise existing vehicle management policy so that it includes provisions for inspection requirements.

**CONCUR**

The Office of Media and Support Services has implemented a vehicle inspection and inspection management program through a combined vehicle security, operation, maintenance, and management policy. A copy of the MSS policy has been provided to the Office of the Inspector General for their review. We believe we have taken appropriate action to close this recommendation.

**Recommendation A.02** We recommend that the Clerk, the Sergeant at Arms, and the Chief Administrative Officer institute the requirement that a valid driver's license is a condition of employment for all employees who drive House vehicles.

**CONCUR**

The Office of Media and Support Services has implemented a combined vehicle security, operation, maintenance, and management policy that includes a provision that possession of a valid operator's license is a condition of employment for vehicle operators. Each employee who is required to operate government vehicles has been formally designated and has been notified of their operator responsibilities. All designated drivers have shown proof of current possession of a valid license. Further, the MSS policy holds the employee accountable for continued possession of a valid license. We believe we have taken appropriate action to close this recommendation.

**Recommendation A.03. We recommend that the Clerk, the Sergeant at Arms, and the Chief Administrative Officer require all authorized drivers to sign a copy of the revised policy acknowledging rules, driver responsibilities, and penalties, if any, for driver negligence.**

**CONCUR**

The Office of Media and Support Services has implemented a combined vehicle security, operation, maintenance, and management policy, and has trained and certified each designated vehicle operator in the following areas of responsibility:

- Daily Inspection Requirements
- Vehicle Security
- Vehicle Operation and Safety
- Records Documentation
- Operator Accountability

Each designated operator has acknowledged receipt and understanding of the above training and the implementing Media and Support Services policy. We believe we have taken appropriate action to close this recommendation.

**Recommendation C.02. We recommend that the Sergeant at Arms and the Chief Administrative Officer, in coordination with the Clerk:**

- a. **Identify and assign management and maintenance responsibilities for the Sergeant at Arms' and the Chief Administrative Officer's leased vehicles.**
- b. **Select leases that do not contain prohibitive restrictions that run counter to the mission of the Sergeant at Arms or the Chief Administrative Officer.**

**CONCUR**

- a. The Office of Media and Support Services has implemented a combined vehicle security, operation, maintenance, and management policy that includes provisions for managing and maintaining all CAO possessed vehicles, to include leased vehicles. The Immediate Office of Media and Support Services has established records on all CAO vehicles in order to oversee the comprehensive vehicle management program. All individual vehicle records are forwarded to the Immediate Office at the end of each month. We believe we have taken appropriate action to close this recommendation.
  
- b. Under present House vehicle leasing policy, the Office of the Clerk executes all vehicle leases. The Office of Media and Support Services has implemented a combined vehicle security, operation, maintenance, and management policy that includes provisions that the Office of Media and Support Services is the responsible office for management of CAO vehicles. The Office of Media and Support Services will work with the Office of the Clerk to assure that future CAO vehicle leases do not contain prohibitive restrictions that run counter to the mission of the CAO. We believe we have taken appropriate action to close this recommendation.

**Recommendation D.01. We recommend that the Clerk, Sergeant at Arms, and Chief Administrative Officer revise existing vehicle management policies to:**

- a. **Require maintenance, key, and use logs to be kept consistently for all House vehicles.**
  
- b. **Revise the existing vehicle management policy so that it includes, at a minimum, provisions for maintenance and repair record requirements.**
  
- c. **After implementing vehicle usage logs, analyze usage logs to (1) determine the House's combined vehicle requirements and (2) assess the feasibility of implementing a vehicle pool.**

**CONCUR WITH INTENT**

The Office of Media and Support Services has implement a combined vehicle security, operation, maintenance, and management policy that includes provisions: a) that hold employees accountable for all aspects of vehicle operation and user maintenance, to include operator documentation of appropriate records; b) for maintenance and repair records that will be

kept in the vehicle, closed out on a monthly basis, and forwarded to the Office of Media and Support Services for permanent record keeping and use in performing vehicle analysis requirements. Since a majority of the CAO's vehicles are cargo-style trucks and vans as opposed to the passenger vehicles used by the Office of the Clerk and the Office of the Sergeant At Arms, MSS will conduct ongoing analysis on the CAO cargo-style trucks. MSS will also provide full information and vehicle use analysis on our one leased passenger van and work collectively with the Sergeant At Arms and the Clerk in periodically performing the House's combined vehicle requirements and assessment of the feasibility of implementing a vehicle pool for passenger vehicles. We believe we have taken appropriate action to close this recommendation.

**Recommendation D.02. We recommend that the Chief Administrative Officer evaluate total vehicle maintenance requirements and solicit proposals from maintenance providers to perform all vehicle maintenance. In addition, the Chief Administrative Officer should consider total maintenance cost when evaluating proposals.**

#### **CONCUR**

The Office of Media and Support Services has implemented a combined vehicle security, operation, maintenance, and management policy that includes provisions for the Office of Media and Support Services (MSS) to annually survey a minimum of four local vendors to determine the best value for vehicle servicing and maintenance. The Office of Media and Support Services recently completed the first such survey and has determined that a servicing/maintenance contract would not be cost-effective because of the small number and usage of our vehicles. While we understand the intent of the recommendation, we believe that our research shows that there is no measurable cost benefit to the House. However, as provided for in our recently established vehicle policy, this position will be re-evaluated on an annual basis. We believe we have taken appropriate action to close this recommendation.