



United States Department of Agriculture

OFFICE OF INSPECTOR GENERAL





Review of the Department's Fleet Charge Card Data

Audit Report 50024-0004-13

What Were OIG's Objectives

Our objectives were to use data analysis to identify trends indicating potential improper fleet card use, and perform testing to determine whether OPPM and agencies are in compliance with fleet charge card program requirements.

What OIG Reviewed

We conducted our audit work from May 2014 through August 2015 in the Kansas City, Missouri, office and met with representatives from OPPM and four agencies. We analyzed transaction data from U.S. Bank's Access Online system to identify potential improper fleet card usage or vehicle underuse.

What OIG Recommends

OIG recommends that agencies use the new system's controls and reports to identify potential improper use of the fleet card. Agencies also should be required to use a standard log file that is reviewed by supervisors whose workloads are also periodically evaluated. Finally, agencies should analyze cards that exceed single purchase limits using available tools that identify and monitor these cards.

OIG audited USDA fleet card transactions to identify improper card use and potential underuse of USDA vehicles.

What OIG Found

The U.S. Department of Agriculture's (USDA) fleet charge card program is the transaction record system for the vehicles and equipment used to support USDA's missions, including food safety inspections, agricultural research, fire suppression, and law enforcement. In this audit, the Office of Inspector General (OIG) found that the Office of Procurement and Property Management (OPPM) did not adequately structure the Department's fleet charge card program or provide USDA agencies with sufficient guidance to administer it. The structure of the program was impaired, in part, because of the large number of cardholders assigned to certain card monitors, or Local Fleet Program Coordinators (LFPC), and other supervisors who did not have the right tools to detect potential improper fleet card use. The average number of fleet cards managed by the LFPCs for the 4 agencies we reviewed during fiscal year (FY) 2013 was 92; however, we found LFPCs who were overseeing as many as 912 cards. This lack of oversight led USDA to retain cars that were potentially unnecessary; we identified 1,133 vehicles with no fleet card transactions and 5,703 vehicles with less than 5,000 miles driven within 1 year. Based on our review, we identified \$6.2 million in potential savings (see Exhibit A). Furthermore, in the absence of proper management controls, USDA maintained fleet charge cards with excessive single purchase limits; the highest single purchase limit we identified was \$58,000, with a highest transaction amount of \$1,024.60 in FY 2013.

OPPM concurred with our findings and took action to strengthen the fleet charge card program during the course of our review in response to our interim disclosures of information concerning questionable transactions and processes.



United States Department of Agriculture
Office of Inspector General
Washington, D.C. 20250



DATE: September 2, 2015

AUDIT
NUMBER: 50024-0004-13

TO: Lisa A. Wilusz
Director
Office of Procurement and Property Management

ATTN: Ayanna Bailey
Audit Liaison Officer

FROM: Gil Harden
Assistant Inspector General for Audit

SUBJECT: Review of the Department's Fleet Charge Card Data

This report presents the results of the subject audit. Your written response, dated August 13, 2015, is included in its entirety at the end of the report. Excerpts from your response and the Office of Inspector General's (OIG) position are incorporated in the relevant sections of the report. Based on your August 13, 2015, response, and subsequent correspondence received on August 20, 2015, we have accepted management decisions on all recommendations. No further action from your agency to my office is required.

Please note Departmental Regulation 1720-1 requires that final action to be taken within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions. This report contains publically available information and will be posted in its entirety to our website (<http://www.usda.gov/oig>) in the near future.

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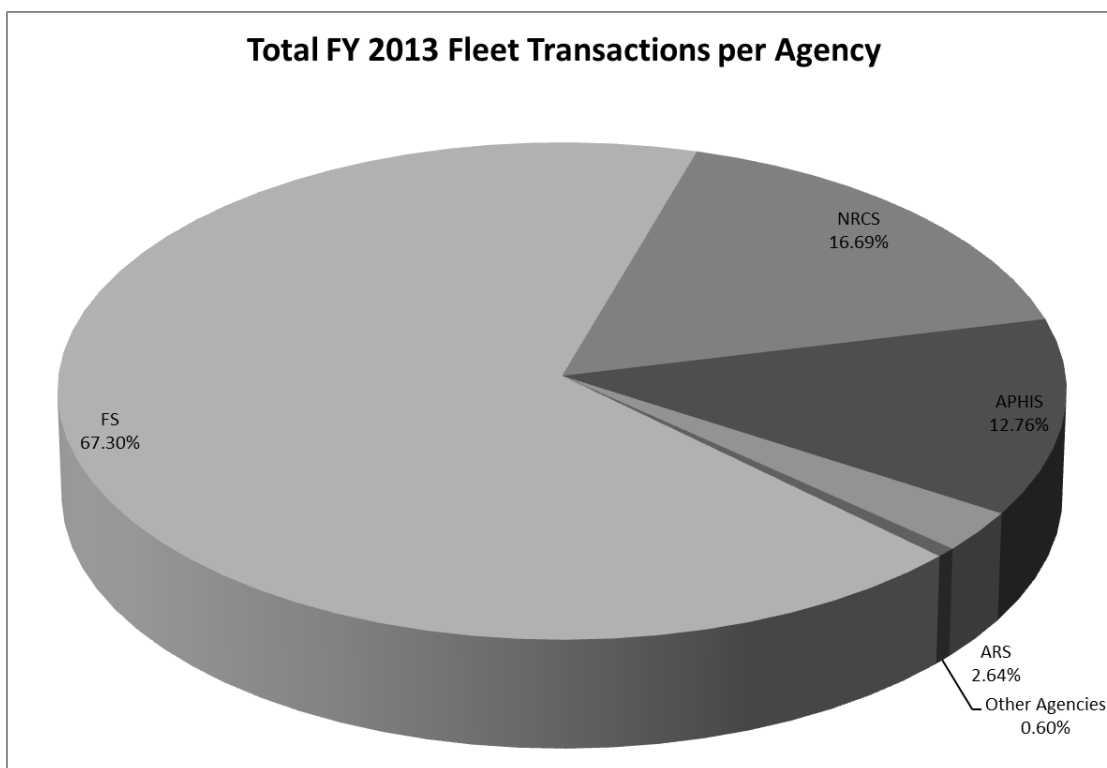
Background and Objectives

Background

The Office of Procurement and Property Management (OPPM) administers the U.S. Department of Agriculture's (USDA) fleet charge card program. OPPM established the Charge Card Service Center (CCSC) in fiscal year (FY) 2009 to (1) unify the charge card program under one servicing organization, (2) detect and reduce fraud and abuse, and (3) ensure compliance with Office of Management and Budget (OMB) Circular No. A-123, and other Federal mandates for purchase and fleet charge card programs. OPPM's responsibility includes establishing policies and procedures, and developing tools and training necessary to conduct oversight of agency fleet card activity.

USDA's FY 2013 fleet charge card program covered 40,576 vehicles and equipment and involved 1,349,140 transactions, totaling \$116 million, of which fuel totaled \$40.1 million.¹

As indicated in the chart below, four component agencies—the Animal and Plant Health Inspection Service (APHIS), the Agricultural Research Service (ARS), the Forest Service (FS), and the Natural Resources Conservation Service (NRCS)—accounted for 99.4 percent of the transactions and 99.4 percent of the cards. For these four agencies, Local Fleet Program Coordinators (LFPC) monitored an average of 92 cards, with each monitoring between 1 and 912 cards during FY 2013.



¹ The term "vehicles" includes sedans, station wagons, trucks, aircraft, motorcycles, and boats. The term "equipment" includes mowers, tractors, all-terrain vehicles, snow mobiles, chain saws, and generators.

Vehicles and equipment are used to support USDA's extensive and varied missions, including food safety inspections, agricultural research, fire suppression, and law enforcement. In accordance with Federal Acquisition Regulation 13.301, the Government-wide commercial fleet card is authorized for the purchase of fuel, as well as the maintenance and repair of vehicles and equipment owned or operated by the Government.² Each fleet card is typically issued for a specific vehicle or piece of equipment rather than to a person.

Per Departmental Regulation (DR) 5400-006, fleet card transactions are monitored by the Agency Fleet Program Coordinator (AFPC), and authorities are further delegated to the LFPCs.³ Agencies (1) determine how fleet cards are used and how funds are spent, (2) establish and maintain internal controls to ensure effective vehicle management, and (3) safeguard against fraudulent, wasteful, and abusive purchases. DR 5400-006 requires fleet card managing officials to retain receipts for purchases for a minimum of 1 year.⁴

USDA used U.S. Bank's Access Online as its fleet card management system tool to review transactions. In February 2014, after our audit period, USDA transitioned to a new fleet charge card provider, from U.S. Bank to Citibank.⁵ OPPM management explained that Citibank's system provides more internal controls to monitor fleet card transactions.⁶

Objective

Our objective was to determine, through data analysis, if current trends indicate improper fleet card usage, and perform testing to determine whether OPPM and agencies are complying with rules and regulations.

²*Code of Federal Regulations Title 48—Federal Acquisition Regulations System* (Chapter 1: Subpart 13.3), Simplified Acquisition Methods, October 1, 2002.

³ Per DR 5400-006, *Use of the Fleet Charge Card and Alternative Payment Methods*, March 6, 2009, AFPC serves as the liaison between the agency and USDA's Departmental Program Manager by providing oversight of the fleet card usage, implementing fleet policies and procedures, assigning LFPCs to handle the day-to-day fleet card operations, ensuring LFPCs are certified on the fleet charge card program policies and procedures, and ensuring managers/offices/drivers maintain a use log or record for all fleet card usage. LFPCs are responsible for managing their designated site's day-to-day fleet card usage operations such as notifying the bank of lost/stolen/damaged fleet cards and any billing discrepancies. LFPCs also monitor fleet card users to ensure they are following policy and procedures for maintenance and repair purchases valued over \$3,000—as well as ensuring a use log or record for all fleet card usage.

⁴ DR 5400-006, *Use of the Fleet Charge Card and Alternative Payment Methods*, March 6, 2009.

⁵ Wright Express (WEX) is the name of Citibank's system. USDA placed the new system into production on October 1, 2014.

⁶ We did not review the internal controls provided by USDA's new fleet card provider.

Section 1: OPPM and Agencies Need to Improve the Fleet Card Program's Operations and Oversight

Issue 1: Inadequate Monitoring of Vehicle Retention

Condition: From the vehicle and equipment universe of 40,576, the Office of Inspector General (OIG) identified 35,211 passenger-carrying vehicles. Based on our analysis of the fleet card transaction data of these passenger-carrying vehicles, we identified 1,133 vehicles with no fleet card transactions and 5,703 vehicles with less than 5,000 miles driven within 1 year.⁷ By selecting 10 vehicles with no fleet card transactions and 10 vehicles with less than 5,000 miles driven within 1 year, we reviewed a non-statistical sample of 20 passenger-carrying vehicles. Of these 20 vehicles, we found that 9 were underused.

Criteria: Federal Management Regulation Bulletin B-30, *Motor Vehicle Management*, dated August 22, 2011, provides guidance on how to: (1) implement the *Presidential Memorandum—Federal Fleet Performance*, dated May 24, 2011; (2) conduct an annual Vehicle Allocation Methodology survey to determine the optimal fleet inventory that meets the Department's mission requirements; and (3) identify resources necessary for effective and efficient fleet operations. OPPM's *Vehicle Allocation Memo—VAM Appendix B: Optimal Fleet Inventory Guide*, dated January 17, 2012, also sets forth minimum usage requirements for the Department. The Department and its agencies are required to perform this use test annually; however, USDA received an exception from the General Services Administration (GSA) to this requirement because acquiring some of the information was not cost-beneficial. This exception is in place until after the implementation of Citibank's system and data is collected through it, allowing agencies to be in a better position to conduct the analysis with limited manual data collection. Per DR 5400-006, AFPCs and LFPCs are required to establish and maintain internal controls that ensure effective vehicle management.

Cause: This condition occurred because AFPCs did not (1) provide proper oversight of the fleet card usage, (2) adequately implement fleet policies and procedures that would have prevented underused vehicles from being retained, and (3) ensure that the assigned LFPCs properly handled day-to-day fleet card operations, including vehicle usage logs. Agencies were not performing vehicle use studies or maintaining vehicle mileage logs to identify underused vehicles. USDA policy established a fleet-wide minimum usage test (which accounted for the number of days a vehicle was used or the number of miles it was driven) that should have been applied to identify the above underused vehicles. However, because vehicle logs were not adequately maintained or retained, USDA managers could not always determine vehicle use data for individual vehicles.^{8,9} Furthermore, OPPM did not require manual vehicle logs to be

⁷ Passenger-carrying vehicles (i.e., sedans, station wagons, vans) have minimum use criteria of being driven 7,500 miles per year or used a minimum of 80 days. Vehicles with a gross vehicle weight rating of less than 10,000 pounds (i.e., light duty trucks, carryalls, sports utility vehicles (SUV)) have minimum use criteria of being driven 5,000 miles per year or used a minimum of 80 days.

⁸ DR 5400-006 requires agencies to keep a log of vehicle, boat, aircraft, and motorized equipment use to ensure a reasonable audit trail documenting vehicle/equipment use.

⁹ GSA's Federal Management Regulation B-30, August 22, 2011, lists several other steps and reportable items that must be completed for the entire use survey.

retained for a specific amount of time, nor did it require that logs be reviewed and approved by supervisors. The logs are intended to record critical information, such as odometer readings and dates, to assist the supervisor in determining total usage and proper use. As will be discussed at length in Issue 2, we requested these logs for 16 non-statistically selected vehicles whose U.S. Bank transaction data suggested misuse or personal use, as well as the logs for the non-statistical sample of 20 passenger-carrying vehicles. Of the 36 vehicles for which we requested logs, agencies were unable to provide information on 14 vehicles.¹⁰ Of the 22 vehicle log files we reviewed, we found that 15 were missing fuel transaction dates. We believe OPPM should approve and maintain vehicle logs, and other supporting documentation, for a minimum of 3 years.¹¹

Effect: Had USDA retained accurate log files and performed the minimum annual use tests, it could have achieved potential savings of approximately \$6.2 million for vehicles that may not have been necessary (see Exhibit A).¹²

Agency Response: When the new system, Wright Express (WEX), is operational, OPPM agrees to conduct the annual survey to determine the optimal fleet inventory that meets the Department's mission requirements, and to identify the resources necessary for effective and efficient fleet operations. OPPM also agrees vehicle logs should be maintained for a minimum 3 years.

Issue 2: Inadequate Monitoring of Fleet Card Excessive Fuel Purchases

Condition: We analyzed all FY 2013 fleet card transactions to flag excessive fuel purchases and thus identify possible misuse. To do this, OIG developed five questionable activity indicators:

- (1) four or more fuel purchases on the same day for the same card;
- (2) fuel transactions at least twice the average dollar amount of the card's transactions;
- (3) a comparison of each card's fuel transactions to the LFPC's average to identify irregular distributions;
- (4) a comparison of each card's fuel quantity to the LFPC's average to identify irregular distributions; and
- (5) a comparison of the card's weekly number of transactions to the same card's weekly average number of transactions.

¹⁰ The 36 vehicles included 20 that did not have fleet card transactions or included vehicles driven less than 5,000 miles within 1 year. This number also included 16 cases that showed potential misuse or personal use.

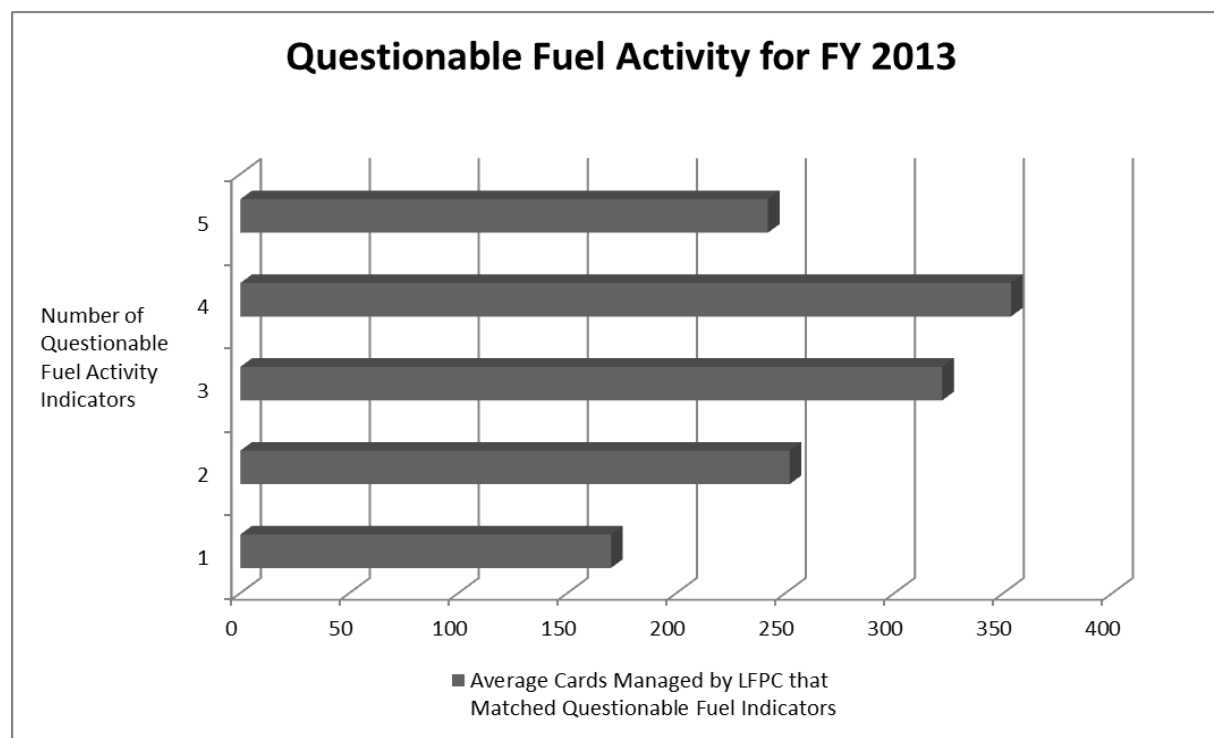
¹¹ According to Internal Revenue Service Publication 583, *Starting a Business and Keeping Records*, January 14, 2015, and GSA's Office of Administrative Services 4200.1A, Section 18, January 7, 2015, the retention period for cardholders to maintain pre-authorization, receipts, invoices, etc., is 3 years. This period starts upon the final payment date for the goods and services.

¹² Based on an award-winning asset management best practice for use of vehicles and cost savings used by State and local governments and government contractors, OIG determined that \$2,000 per vehicle could be saved. Based on our review of 20 vehicles, we determined that 45 percent may have been underutilized ($9/20 = .45$). Therefore, based on these results, potentially 45 percent of the 6,836 vehicles with little or no fleet card transactions would result in 3,076 vehicles being underutilized and approximately \$6.2 million in savings.

Using this methodology, OIG found 11,151 potentially excessive fuel purchases totaling about \$1.2 million.

We non-statistically selected 16 of these transactions for review, but were unable to determine if the transactions were improper because we also found that the supporting documentation for 9 of the transactions was not maintained. For the seven logs we did review, four had transactions in U.S. Bank's Access Online data, but no corresponding record in the vehicle's usage log. We did not contact specific fleet card users to obtain additional information.

Our analysis also found indications that monitors who managed a high number of cards were likely not detecting indications of those cards' misuse. We found that cards with the highest number of matches to our questionable fuel activities indicators belonged to LFPCs who were monitoring more than the average number of cards being managed.¹³ The average number of fleet cards being monitored by LFPCs for the 4 agencies we reviewed during FY 2013 was 92; however, we found managers who were monitoring as many as 912 cards. In FY 2013, APHIS had 259 LFPCs managing 4,677 fleet cards; ARS had 8 LFPCs managing 2,677 fleet cards; FS had 141 LFPCs managing 24,160 fleet cards; and NRCS had 52 LFPCs managing 10,901 fleet cards. The following chart shows that fleet card monitors managing a high number of cards also had a high number of questionable activity indicators.



We also found that agencies were not using U.S. Bank's Access Online tools to monitor fleet card use. Even though agencies were reviewing transactions outside of U.S. Bank's Access

¹³ We identified 348 of the 460 LFPCs (76 percent) who monitored cards that matched at least 1 of the 5 questionable activity indicators. We identified an instance where 1 LFPC managed 242 cards that matched instances of all 5 questionable activity indicators, and 347 LFPCs managed cards that matched 4 or fewer of the 5 questionable activity indicators.

Online system, none of the transactions in U.S. Bank's Access Online system appeared to have been approved by supervisors, as required by DR 5400-006. The status of each of these transactions was listed as "not reviewed," and fraud reports from the system were not provided to the monitors. U.S. Bank developed various fraud detection reports, but these reports were maintained in OPPM and were not provided to agency managers who could best assess their usefulness.

Criteria: OMB Circular No. A-123, Appendix B requires agencies to implement management controls, policies, and practices for ensuring appropriate card usage and prescribes policies and procedures for agencies regarding how to maintain internal controls that reduce the risk of fraud, waste, and error in Government card programs.¹⁴

Cause: This condition occurred because OPPM did not ensure adequate oversight of the fleet charge card program or its operations in a variety of ways. First, AFPCs provided inadequate oversight of the fleet card usage by assigning LFPCs an excessively large number of fleet cards to monitor. Second, LFPCs did not adequately monitor day-to-day fleet card operations to ensure identification of excessive fuel purchases. Third, because OPPM was not disseminating fleet card usage reports from U.S. Bank, LFPCs did not have the tools available to adequately monitor fleet card usage.

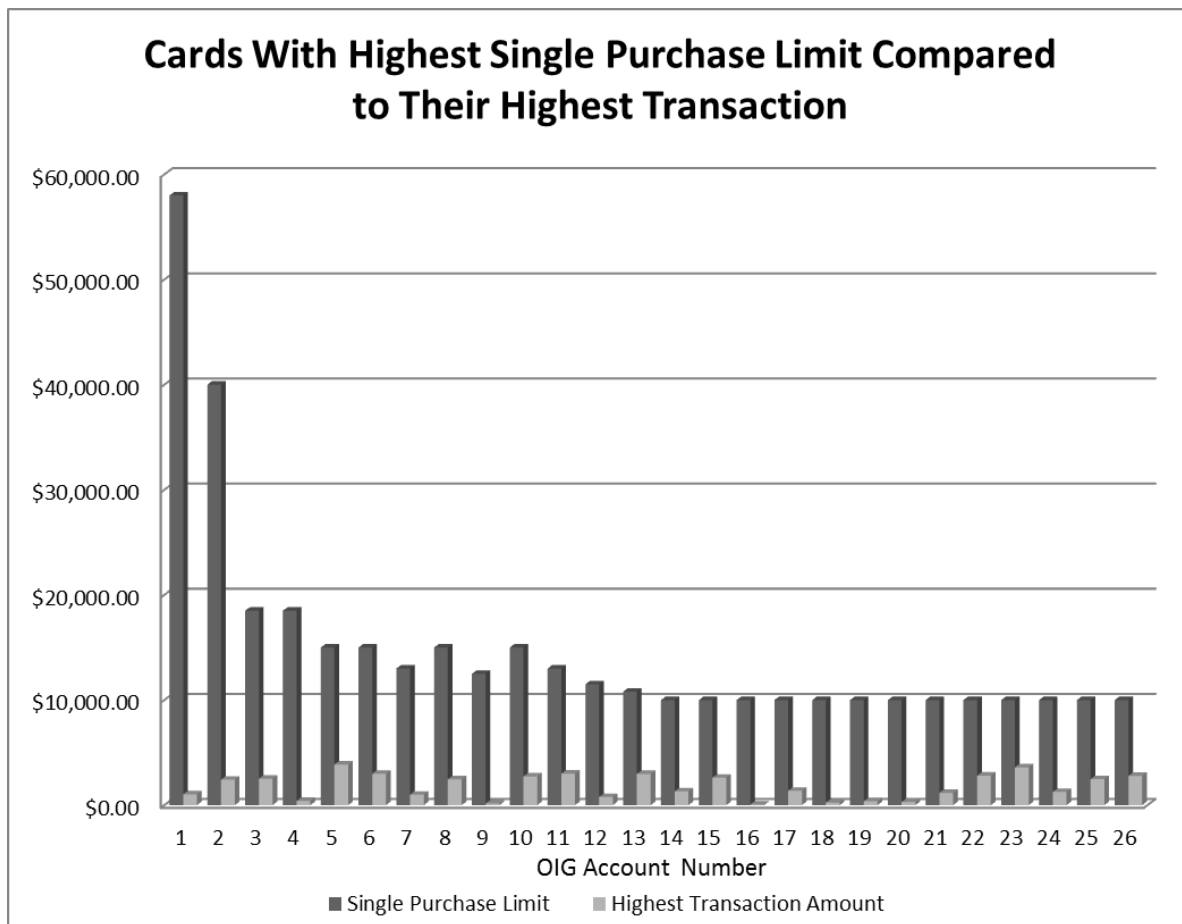
Effect: If this condition is not corrected, improper fleet charge card payments, such as personal use fuel purchases, may go undetected.

Agency Response: OPPM agreed that the Departmental guidance needed to be updated to reflect the fleet charge card program oversight structure, including assignment of responsibility for achieving compliance with applicable laws and regulations. In the future, OPPM intends to utilize transaction approval tools in order to send fraud indication reports to LFPCs.

Issue 3: Inadequate Monitoring of Excessive Single Purchase Card Limits

Condition: OIG found 41 fleet cards that had a single purchase limit of at least \$10,000; only 6 of those cards, however, needed this high limit. In most instances, the card's highest dollar purchase was lower than \$3,000, while the card's single purchase limit was over \$10,000. For example, the highest single purchase limit identified was \$58,000, but the card's highest transaction amount was \$1,024.60 in FY 2013. The following graph shows 26 cards with their FY 2013 highest single purchase limit compared to their respective highest FY 2013 single purchase transaction amount. During FY 2013, these 26 cards did not have a single transaction amount that was at least 50 percent of its respective single purchase limit.

¹⁴ OMB Circular No. A-123, Appendix B Revised, *Improving the Management of Government Charge Card Programs*, January 15, 2009.



We also found that one of the agencies reviewed did not set a single purchase limit, as required by DR 5400-006.¹⁵

Criteria: DR 5400-006 defines a single purchase limit as the maximum dollar amount that can be charged on the fleet card for a single transaction. It is card-specific and established at the agency level. Agencies set their own single purchase limits, generally \$1,000 or less. OMB Circular No. A-123 requires card managers to identify specific risks associated with card programs, and implement strict internal controls to mitigate these risks to the greatest possible extent.¹⁶

Cause: This condition occurred because OPPM did not set an overall single purchase limit for fleet charge cards or provide agencies with tools to identify and monitor excessive purchase limits. Typically, an agency will elevate a card's single purchase limit in order to accommodate major repair costs for a vehicle or piece of equipment. We found, however, that agencies did not always maintain documentation supporting the reasons for changing the single purchase limits. We also found cases in which agencies did not reset their cards' single purchase limits back to the agency's internally established limit.

¹⁵ DR 5400-006, *Use of the Fleet Charge Card and Alternative Payment Methods*, March 6, 2009.

¹⁶ OMB Circular No. A-123, Appendix B Revised, *Improving the Management of Government Charge Card Programs*, January 15, 2009.

Effect: If this condition remains unchanged, agencies will be at risk for high-dollar questionable purchases. Without the oversight OIG recommends, the agencies may inadvertently encourage high-dollar, questionable-use purchases.

Agency Response: In response to OIG's concerns, OPPM noted that the capability to check for excessive single purchase limits exists in the new system. OPPM is determining the single-purchase-limit monitoring controls that will be implemented going forward.

Recommendations

Recommendation 1: The Office of Procurement and Property Management (OPPM) should require agencies to use Wright Express (WEX) to perform annual vehicle-use surveys that include odometer/transaction analyses in order to better identify potential underused vehicles.

Agency Response

In its August 13, 2015 response, OPPM stated that it concurs with the recommendation. USDA recently conducted a survey to determine what the average annual utilization is for the USDA fleet (6,100 miles annually). This will be used as a baseline to determine vehicles that are potentially underutilized. However, for certain special use vehicles, such as fire engines, this utilization rate will not be applicable. The WEX fleet card data, combined with data from the USDA Fleet Management System (FED FMS), will provide greater visibility for this data. Additionally, OPPM is conducting a strategic sourcing initiative to identify these under-utilized vehicles that will result in overall savings to USDA. In a subsequent email message dated August 20, 2015, OPPM stated corrective actions were completed in July 2015.

OIG Position

We accept management decision for this recommendation.

Recommendation 2: OPPM should provide agencies access to WEX system reports and ensure that they are performing adequate analyses to identify potential excessive or improper use of the fleet charge card.

Agency Response

In its August 13, 2015 response, OPPM stated that it concurs with the recommendation. The revised Departmental Regulation (DR) 5400-006 will require agencies to run monthly exception reports which include: Product Mismatch (fuel type does not meet vehicle type), Exceeding Tank Capacity, After Hour Transactions, Split Transactions, Illogical Mileage/Odometer Entries, Inactive Card, and Premium Grade Fueling. In a subsequent email message dated August 20, 2015, OPPM stated the estimated completion date is April 2016.

OIG Position

We accept management decision for this recommendation.

Recommendation 3: OPPM should notify all Agency Fleet Program Coordinators (AFPC) and Local Fleet Program Coordinators (LFPC) that they are required to use WEX's standard exception reports and other appropriate monitoring tools.

Agency Response

In its August 13, 2015 response, OPPM stated that it concurs with the recommendation. As stated in Response 2, the new DR 5400-006 will require agencies to conduct monthly exception reporting. Additionally, OPPM on a quarterly basis will conduct audits of these exceptional transactions. In a subsequent email message dated August 20, 2015, OPPM stated the estimated completion date is April 2016.

OIG Position

We accept management decision for this recommendation.

Recommendation 4: OPPM should require agencies to use a standardized, DR 5400-006-compliant log file to ensure that they maintain a reasonable audit trail documenting vehicle/equipment use and, based on transaction data analysis, ensure that periodic reviews of the logs are performed. OPPM should require agencies to maintain usage logs for 3 years.

Agency Response

In its August 13, 2015 response, OPPM stated that it concurs with the recommendation. DR 5400-006 will be updated to require this three 3 [years] retention of logs and that agencies periodically review these logs for potential vehicle misuse. The WEX card also assigns a Personal Identification Number (PIN) to each driver, which will facilitate the identification of any employee misusing a fleet card. In a subsequent email message dated August 20, 2015, OPPM stated the estimated completion schedule is April 2016.

OIG Position

We accept management decision for this recommendation.

Recommendation 5: OPPM should require agencies to periodically evaluate each LFPC's workload.

Agency Response

In its August 13, 2015 response, OPPM stated that it concurs with the recommendation. OPPM will require agencies to review each LFPC's workload and provide statistics on average number of vehicles per LFPC for the Department. Agencies can use this metric to determine if a LFPC's

workload is excessive. In a subsequent email message dated August 20, 2015, OPPM stated the estimated completion schedule is April 2016.

OIG Position

We accept management decision for this recommendation.

Recommendation 6: OPPM should require that agencies analyze and periodically monitor cards to ensure that the single purchase limits are warranted. OPPM should provide agencies with tools to identify and monitor cards that exceed agency-established single purchase limits.

Agency Response

In its August 13, 2015 response, OPPM stated that it concurs with the recommendation. LFPCs, R/AFPCs, and AFPCs should annually review card profiles to ensure single transaction limits are justified based on the spend history for the user. In a subsequent email message dated August 20, 2015, OPPM stated the estimated completion schedule is April 2016.

OIG Position

We accept management decision for this recommendation.

Scope and Methodology

We conducted our audit work from May 2014 through August 2015 at offices located in Kansas City, Missouri, and with representatives from OPPM and the four agencies. Our objectives were to use data analysis to identify trends indicating potential improper FY 2013 fleet card use, and perform testing to determine whether OPPM and agencies are in compliance with fleet charge card program requirements. USDA's FY 2013 fleet charge card program covered 40,576 vehicles and equipment, with 1,349,140 transactions totaling \$116 million, of which fuel totaled \$40.1 million. We analyzed USDA FY 2013 transaction data from U.S. Bank's Access Online system by developing queries using Audit Command Language (ACL) to identify potential improper fleet card usage and potential vehicle underutilization. We selected APHIS, ARS, FS, and NRCS because these agencies accounted for 99.4 percent of the transactions and 99.4 percent of the cards.

To accomplish our objective, we also:

- reviewed Department Regulations, policies, and procedures related to fleet card use;
- interviewed OPPM and agency officials to determine how they were monitoring fleet card use and gain an understanding of their application of fleet charge card program regulations, policies, and procedures;
- reviewed reports from prior fleet card reviews;¹⁷ and
- obtained transaction data from U.S. Bank and analyzed it using the ACL data analysis software.

Questionable transactions were identified by analyzing cards with the five indicators listed in Issue 2. After identifying questionable transactions, we then identified the cards that showed the most questionable activity indicators. We selected the first 10 unique cards that showed at least double the average fuel quantity for an LFPC, and the other 6 were selected from a unique set of cards that had at least 4 fuel transactions on the same day. From these cards, we non-statistically selected 16 transactions for further review. We requested from the agencies: (1) vehicle usage logs for the day the questionable transactions occurred, (2) the transaction that occurred before the questionable transaction, and (3) the transaction that occurred immediately after it.

We also reviewed vehicle usage to ensure that the *Presidential Memorandum* inventory goal was met. We accomplished this by obtaining USDA's fleet inventory from the Federal Motor Vehicle Registration System (FMVRS).¹⁸ We manually reviewed the data extract from FMVRS and selected vehicles classified as "light duty" or "passenger-carrying" to compile the list of passenger-carrying vehicles, light duty trucks, and SUVs. We then analyzed these vehicles using ACL by searching for those with zero transactions (indicating a potential unused vehicle) and those that had been driven less than 5,000 miles during FY 2013. From this list, we non-statistically selected 10 vehicles that had zero transactions and 10 that had been driven less than

¹⁷ USDA Charge Card Service Center's (CCSC) *Preliminary Assessment of Internal Controls and Other Matters*, December 2012.

¹⁸ FMVRS provides access to information for all vehicles that are owned or commercially leased by the Federal Government. FMVRS allows access to customer agencies to enter, query, and update vehicle and license plate information 24/7, except for published maintenance periods. Federal, State, and local law enforcement personnel can be authorized to query the FMVRS database at any time.

5,000 miles for further review. We also confirmed that USDA had acquired these vehicles prior to FY 2013. We requested the first log of the fiscal year, and the last log of the fiscal year for each vehicle driven less than 5,000 miles.

We identified potentially underused vehicles by analyzing cases with:

- no transactions in FY 2013, or
- annual mileage below pre-established minimum use criteria.¹⁹

We identified 41 cards with excessive single purchase limits by analyzing account numbers with single purchase limits greater than or equal to \$10,000. We then identified the highest transaction each card had for FY 2013. We initially identified 36 cards that did not have a transaction of at least 90 percent of the card's single purchase limits for further follow up with each card's respective agency. We requested each agency's single purchase limit policy guidance.

Our analysis of the data was limited to FY 2013. Our efforts focused on providing reasonable assurance that these data did not contain significant errors, which would undermine the credibility of our analyses and conclusions. To determine which transactions, vehicles, and agencies we would review, we tested and assessed the system data completeness and validity by checking for duplicates, completing a data reliability checklist to test the sufficiency and appropriateness of the data, and determining whether transactions occurred in FY 2013. We tested the reliability of data specific to our scope by comparing physical documentation to the electronic information contained within U.S. Bank's Access Online system. We found no major problems with the data and determined the system data to be complete and valid.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹⁹ OPPM Policy Memo—Vehicle Administrative Management, dated January 17, 2012.

Abbreviations

ACL.....	Audit Command Language
AFPC.....	Agency Fleet Program Coordinator
APHIS.....	Animal and Plant Health Inspection Service
ARS.....	Agricultural Research Service
CCSC.....	Charge Card Service Center
DR.....	Departmental Regulation
FED FMS.....	USDA Fleet Management System
FMVRS.....	Federal Motor Vehicle Registration System
FS.....	Forest Service
FY.....	Fiscal Year
GSA.....	General Services Administration
LFPC.....	Local Fleet Program Coordinator
NRCS.....	Natural Resources Conservation Service
OIG.....	Office of Inspector General
OMB.....	Office of Management and Budget
OPPM.....	Office of Procurement and Property Management
PIN.....	Personal Identification Number
SUV.....	Sport Utility Vehicle
USDA.....	U.S. Department of Agriculture
WEX.....	Wright Express

Exhibit A: Summary of Monetary Results

The table below lists the dollar value of USDA's potentially underused vehicles.

Issue	Recommendation	Description	Amount	Category
1	1	Dollar Value of Potentially Underused Vehicles	\$6.2 million	Funds To Be Put To Better Use—Management Or Operating Improvements/Savings

**USDA'S
OFFICE OF PROCUREMENT AND
PROPERTY MANAGEMENT
RESPONSE TO AUDIT REPORT**



**United States
Department of
Agriculture**

Office of the
Assistant Secretary
for Administration

Office of
Procurement and
Property
Management

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AUG 13 2015

TO: Gil H. Harden
Assistant Inspector General for Audit
Office of the Inspector General

FROM: Lisa M. Wilusz *Lisa M. Wilusz*
Director

SUBJECT: Review of the Department's Fleet Charge Card Data (Audit Number 50024-0004-13)

Thank you for your insight into the U.S. Department of Agriculture's (USDA) fleet card charge program. This office is providing the following comments to your recommendations below. To preface these comments, it should be noted that the U.S. Bank Fleet Card program, the subject of this audit, was replaced with the Wright Express (WEX) Fleet Card program in February 2014.

Office of Inspector General (OIG) Recommendation 1: The Office of Procurement and Property Management (OPPM) should require agencies to use Wright Express (WEX) to perform annual vehicle-use surveys that include odometer/transaction analysis in order to better identify under-used vehicles.

OPPM Response: Concur. USDA recently conducted a survey to determine what the average annual utilization is for the USDA fleet (6,100 miles annually). This will be used as a baseline to determine vehicles that are potentially underutilized. However, for certain special use vehicles, such as fire engines, this utilization rate will not be applicable. The WEX fleet card data, combined with data from the USDA Fleet Management System (FED FMS), will provide greater visibility for this data. Additionally, OPPM is conducting a strategic sourcing initiative to identify these under-utilized vehicles that will result in overall savings to USDA.

OIG Recommendation 2: OPPM should provide agencies access to WEX system reports and ensure that they are performing adequate analysis to identify potential excessive or improper use of the fleet charge card.

OPPM Response: Concur. The revised Departmental Regulation (DR) 5400-006 will require agencies to run monthly exception reports which include: Product Mismatch (fuel type does not meet vehicle type), Exceeding Tank Capacity, After Hour Transactions, Split Transactions, Illogical Mileage/Odometer Entries, Inactive Card, and Premium Grade Fueling.

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OIG Recommendation 3: OPPM should notify all Agency Fleet Program Coordinators (AFPC) and Local Fleet Program Coordinators (LFPC) that they are required to use WEX's standard exception reports and other appropriate monitoring tools.

OPPM Response: Concur. As stated in Response 2, the new DR 5400-006 will require agencies to conduct monthly exception reporting. Additionally, OPPM on a quarterly basis will conduct audits of these exceptional transactions.

OIG Recommendation 4: OPPM should require agencies to use a standardized, DR 5400-006 compliant log file to ensure that they maintain a reasonable audit trail documenting vehicle/equipment use based on transaction data analysis, and ensure that periodic reviews of the log are performed. OPPM should require agencies to maintain usage logs for 3 years.

OPPM Response: Concur. The DR 5400-006 will be updated to require this three 3 retention of logs and that agencies periodically review these logs for potential vehicle misuse. The WEX card also assigns a Personal Identification Number (PIN) to each driver, which will facilitate the identification of any employee misusing a fleet card.

OIG Recommendation 5: OPPM should require agencies to periodically evaluate each LFPC's workload.

OPPM Response: Concur: OPPM will require agencies to review each LFPC's workload and provide statistics on average number of vehicles per LFPC for the Department. Agencies can use this metric to determine if a LFPC's workload is excessive.

OIG Recommendation 6: OPPM should require that agencies analyze and periodically monitor cards to ensure that the single purchase limits are warranted. OPPM should provide agencies with tools to identify and monitor cards that exceed agency-established single purchase limits.

OPPM Response: Concur. One of the standard WEX exception reports will flag instances where a transaction was "split" to circumvent the single purchase limit. The DR 5400-006 will require drivers and LFPCs to obtain contracting officer approval for any transaction that exceeds the micro-purchase limit.

Thank you again for the opportunity to comment on this audit. If you have any questions, please contact Paul Walden, Property Management Division, at (202) 720-7283.

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