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Report to John M. Thomas, Department of State: Assistant Secretary for Administration; by Frank C. Conahan, Associate Director, International Div.

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A study was conducted of the management of motor pool operations in Bangladesh and Korea. The Foreign Affairs Manual (FAM) requires that the chief of a foreign mission prescribe local rules on the use of Government-owned vehicles to provide uniform, fair, and equitable treatment among personnel at the post. The mission in Bangladesh manages vehicles under a mission-wide set of operating instructions. In Korea, however, conflicting agency regulations and the post's failure to prescribe comprehensive local rules have resulted in mission staff being inequitably treated with respect to who and for what purposes vehicles can be used. At both posts, official vehicles were used for personal transportation beyond authorized limitations. The problem exists because of: insufficient American personnel to screen vehicle use, mission personnel who do not know the regulations, and personnel intentionally ignoring regulations. Contrary to requirements of the FAM, post employees are not provided fair and equitable treatment on charges for personal use of vehicles. This is caused by: conflicting agency regulations establishing rates at which employees are charged for personal use, inadequate amounts charged for home-to-work transportation, and poor collection procedures. A systematic approach for monitoring vehicle use has not been established in either country. Improvements are also needed in vehicle standardization and in data collection procedures for vehicle operations. (RBS)

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

INTERNATIONAL DIVISION

MAY 25 1978

The Honorable John M. Thomas
Assistant Secretary for Administration
Department of State

Dear Mr. Thomas:

Our Logistics and Communications Division has recently completed a study of the management of motor pool operations in Bangladesh and Korea. Presented herein are several observations on areas needing improvement. These observations were discussed with the respective Ambassadors and with headquarters staff of the Supply and Transportation Division and Post Management Officers of the respective regional Bureaus. In most instances we were informed that corrective actions would be taken. We plan no further reporting, but since similar problems may exist at other foreign posts, you may wish to bring the matters discussed in this letter to the attention of Ambassadors at other Missions. We are also sending an information copy of this letter to your Inspector General, you may wish to have him follow-up on the corrective actions which we were informed would be taken.

NEED FOR UNIFORMITY IN
REGULATIONS GOVERNING PERSONAL
USE OF OFFICIAL VEHICLES

The Foreign Affairs Manual (FAM) requires that the chief of mission, in consultation with the heads of other agencies at a post, prescribe local rules on the use of Government-owned vehicles to provide uniform, fair, and equitable treatment among personnel at the post.

The mission in Bangladesh manages vehicles under a mission-wide set of operating instructions. In Korea, however, conflicting agency regulations and the post's failure to prescribe comprehensive local rules have resulted in mission staff being inequitably treated with respect to who and for what purposes vehicles can be used and the amounts that individuals are to be charged when vehicles are used for personal reasons.

For example, in Korea, a joint Embassy/USAID/USIS directive, regulating the use of official vehicles belonging to those agencies, authorizes vehicle use for transportation between residence and office, official representational functions, and other personal purposes whereas the Defense Attache Office regulations allow nonofficial use for participation in Army activities promoting morale, welfare, and recreation. The Peace Corps regulations allow personal use of vehicles

only under unusual circumstances. The most restricting regulations are those of the Drug Enforcement Administration which state that the use of vehicles for such purposes as personal business, attendance at luncheons or other social engagements is strictly prohibited. In addition to the inequitable treatment afforded foreign service personnel the differing interpretation of agency regulations has led to official vehicles being used for personal purposes which go beyond a reasonable interpretation of the intended use of such vehicles. Falling into this category is the use of vehicles to drive the family to church and to go to the golf course.

IMPROPER AND EXCESSIVE
PERSONAL USE OF VEHICLES

Posts may authorize limited personal use of official vehicles on a reimbursable basis. However, at both posts we observed that official vehicles were used for personal transportation beyond authorized limitations. Officials at both posts have recognized the problem and have attempted to control it. However, neither post had an effective system to reduce such practices.

We were advised that the problem exists because of (1) insufficient American personnel to screen vehicle use, (2) mission personnel who do not know the regulations, and (3) personnel are intentionally ignoring regulations. Although the FAM and legislation clearly define appropriate disciplinary actions to be taken when vehicles are used improperly, an official told us that none has been imposed.

In Bangladesh vehicles were used improperly despite attempts by the General Services Officer to detect and prevent unauthorized use. For example, officials advised us that contrary to post regulations:

- dependents were using official vehicles during working hours without prior approval;
- vehicles were used for shopping trips;
- commingling of official and unofficial use of vehicles was occurring; and
- vehicles were used to take personnel to lunch, and to residences.

An official of the Agency for International Development, in response to a complaint that too few vehicles are available for official use, commented " * * * one must be struck by the number of vehicles used for unofficial purposes and * * * for extended periods of time." He cited cases where dependents tied up vehicles for periods upward to 3-1/2 hours during official duty hours and vehicles used for what he considered to be shopping and touring. He concluded that too many individuals are ignoring their responsibility to see that mission resources are effectively utilized at the least possible cost

In Korea, a similar situation existed. Questionable vehicle use included transportation to nonrepresentational functions, the golf course, post exchange, commissary, and various dining and entertaining establishments.

Apparently posts rely on the integrity of the individual for control, and corrective action, to a large part, appears to lie with the individual. However, closer screening of vehicle use with feedback from drivers and dispatchers and imposition of disciplinary action as required by regulation could reduce misuses.

In Korea, the post only responded that each agency controlled its own vehicles, in other words, there is no overall post policy on the use of vehicles. However, the Ambassador has initiated a study to look into the matter.

Officials in Bangladesh said that in some cases, privileges have been abused and that the GSO staff will intensify its efforts to minimize such abuse and will bring to the attention of the Administrative Officer for State, Executive Officer for AID and the United States Information Services (USIS) Public Affairs Officer instances of abuse by personnel of their respective agencies. They also advised us that they will shortly put into use a revised trip ticket which will identify the types of use and will continue reviewing trip tickets on a daily basis.

Officials at both posts advised us that closer surveillance over vehicle use will be implemented with disciplinary action imposed when appropriate. They hope through such actions misuse will be reduced.

IMPROVEMENTS NEEDED IN CHARGING EMPLOYEES FOR PERSONAL USE OF VEHICLES

Contrary to requirements of the FAM, post employees are not provided fair and equitable treatment on charges for personal use of vehicles. This is caused by (1) conflicting agency regulations establishing rates at which employees are charged for personal use of vehicles, (2) inadequate amounts charged for home-to-work transportation and (3) poor collection procedures.

Conflicting agency regulations

In many cases, agency regulations conflict with one another regarding the amount to be charged personnel for authorized personal use of official vehicles. For example, State, AID and USIS regulations require a charge of 20 to 30 cents per mile for recreational transportation or personal use depending on the type vehicle used; the Peace Corps regulations say to charge 15 cents per mile; the Foreign Broadcasting Information Service regulation requires a charge of 12 cents per mile; and Defense Attache Office charges only for fuel and toll

charges. As a result, in Korea, some individuals pay less for personal use of official vehicles than do others. In Bangladesh, employees of all agencies pay 15-1/2 cents per mile when official vehicles are used for personal convenience.

Charges for home-to-work transportation
do not recover costs-Bangladesh

According to the FAM, charges will be imposed for unofficial use of vehicles unless waived by the chief of mission. The FAM is silent as to whether all costs are to be recovered, but suggests 50 cents per trip for residence-to-office transportation. In the absence of more specific guidance, the posts are free to determine reimbursable rates.

In Korea, the charge for transportation between residence and office, based on an analysis of one month's costs, just about covers the cost to provide the service. However, in Bangladesh, based upon best available data for a current 3-month period, the cost for such transportation was about \$2,000 per month and employee reimbursements totaled only about \$440 per month. The average charge to the employee is about 23 cents per trip which is well below both the costs of providing the service and the 50 cents per trip suggested in the FAM.

An official in Bangladesh informed us that fees charged for home-to-work transportation are low and that they will be amending their post directive to increase the rates charged to correspond more closely with actual costs of this transportation.

Collection procedures should be
improved

In both Korea and Bangladesh, the procedures for billing and collecting charges for personal use of official vehicles were inadequate.

The FAM states that a system for billing and collecting charges for personal use of vehicles should be simple and should provide adequate control. Such a system, however, is not prescribed in the FAM.

In Bangladesh, collections for all agencies were made through the Budget and Fiscal Officer (B&F). The employee determines how much he owes for home-to-work transportation and informs the B&F officer of the amount he should be charged for such use. The employee's determinations are not subjected to administrative review by the B&F officer.

Both the General Services Officer and the B&F officer thought the other was enforcing collection when neither was. Collection therefore became a matter of personal integrity. When asked for a listing of amounts past due, the B&F officer identified over \$700 as currently outstanding. Some of the past due accounts were for persons no longer at the post.

We were advised that the current collection processes were time-consuming, inefficient, and uncontrollable. One official said that in many cases collection processes has led to a "battic of memos" which often cost the Government more than was recovered.

In Korea, employees provided transportation between residence and office can purchase transportation tickets which are punched by the driver when the employee uses the service. This system is recommended in the FAM. For other reimbursable services, agency ability to ensure collection varied. Trip tickets, which show the vehicle's destination and the purpose for the trip, were often incomplete, not maintained on a daily basis, and in one case, not maintained at all. One official, when asked how reimbursement was assured when documentation was inadequate, stated that reimbursements would be "negotiated."

The GSO in Bangladesh concurred with our observations regarding the inadequacy of the current collection procedures. He stated that their billing procedures are very cumbersome and are subject to abuse of nonpayment with no way to control it. He further stated that he is going to recommend that collection procedures be improved. Mission officials further stated that they have directed the GSO to bring to the attention of the Administrative Officer for State, Executive Officer for USAID, and the Public Affairs Officer for USIS instances of abuse by personnel of their respective agencies.

UNDERUTILIZATION OF VEHICLES

Posts' responsibility to monitor vehicle utilization is defined to a limited extent in the FAM as "* * * [assuring] maximum effective utilization of vehicle [a] through regular review of trip records." The FAM does not prescribe procedures for carrying out this responsibility. A systematic approach for monitoring vehicle use has not been established in either country.

We analyzed vehicle use during March 1977 in Korea using mileage, dispatch time, and passenger loads and found that:

--45 percent of the combined State, AID and USIS passenger vehicles (excludes trucks & buses) and 52 percent of the other agencies' vehicles were used less than the 1000 mile per month standard recommended by GSA.

During a 10 hour day availability period, State, AID and USIS sedans, station wagons and carry alls were operating on an average only 6.6 hours of which 3.4 hours represented idle waiting time. Thus vehicles were transporting personnel only 3.2 hours a day.

--In 66 percent of the trips made during March there was only one passenger in the vehicle.

In Bangladesh our analysis of the total mileage of all vehicles (except trucks and stepvans) over their life showed that 13 of 45 vehicles or 29 percent, were underutilized as shown below:

<u>Number of vehicles</u>	<u>Average monthly mileage for life of vehicles</u>
2	0 - 250 miles
2	251 - 500 miles
3	501 - 750 miles
6	751 - 999 miles

Also, we noted that while actual passenger loads were generally less than 6 persons the mission was planning to request 12 passenger buses to replace smaller vehicles.

In Korea we were advised by the Ambassador that with the exception of State and AID funded vehicles, vehicles acquired by other agencies have been controlled by the chiefs of those agencies. Nevertheless, the Ambassador advised us that he had instructed appropriate officers to study the matter to include recommendations for improved utilization of vehicles.

In Bangladesh, the post stated that within the limits of American employees, they monitor utilization as thoroughly as possible and they see no further major improvements unless another American employee is assigned to the GSO.

The Ambassador to Bangladesh expressed surprise that the capacity/use analysis showed so few passengers per official trip. The GSO stated that he would also perform an analysis such as we did during the audit by using home-to-work passenger loads in the analysis and if loads are still low, he would consider revising the vehicle fleet composition.

The Ambassador has directed the GSO to develop a proper system to monitor vehicle use. To this extent, the GSO is revising trip tickets to provide greater visibility over vehicle use. These revisions, will provide for basic data that can be summarized to provide management information on types of vehicle use, capacity/use, and mileage.

IMPROVEMENTS NEEDED IN VEHICLE STANDARDIZATION

The Embassy, AID, and USIS in Korea have agreed to purchase Chevrolet vehicles for standardization purposes. Deviations from this program and the nonparticipation of other agencies at the mission have increased vehicle support costs.

According to Uniform State/AID/USIS regulations, the purpose of standardization is to:

"* * * provide posts with equipment more suitable to local conditions; reduce to a minimum, the varieties and types of equipment essential to post operations; insure a maximum degree of interchangeability of parts permitting cannibalization of equipment when practical; and to permit development of standard specifications and purchase documents to insure expeditious purchase and delivery."

This regulation further states that efforts should be made to have a joint standardization program with other U.S. agencies at a post. We found that some agencies at the mission were unaware that a standardization program existed.

In Korea, there were 25 nonstandard vehicles. This has created problems in that:

- Nonstandardization has reduced the post's ability to maintain spare parts inventories at minimum costs because additional inventory was needed to support nonstandard vehicles. An additional spare parts inventory valued at \$4,000 has resulted to support nonstandard vehicles.
- Inventory losses can occur when nonstandard vehicles are disposed of and spare parts can not be interchanged with standard vehicles. The advantage of standardization for inventory purposes is illustrated by spare parts inventories for 1972 Chevrolet Biscaynes currently under going disposal action. Based on value, over 95 percent of the spare parts for these vehicles will interchange with the remaining vehicle fleet.
- Nonstandardization impacts negatively on maintenance quality because of nonproficiency in repair procedures.

The Ambassador to Korea has informed us that all civilian agency chiefs have agreed that the Embassy standardization program under which Chevrolet general-purpose passenger vehicles are purchased will be followed by their agencies and the Embassy will be responsible for approving requests for replacement of vehicles to assure that the standardization program is followed.

INADEQUATE DATA COLLECTION OF VEHICLE OPERATIONS

A good record system can assist management to evaluate vehicle operations and identify where additional management control is needed. According to the FAM, posts are responsible for (1) maintaining

vehicle operating and maintenance records and (2) establishing and perpetuating inspection and preventive maintenance routines. The FAM does not, however, provide detailed guidance on how these responsibilities are to be implemented.

In Korea, with the exception of minor clerical errors, records appeared adequate. However, in Bangladesh, records and reports of maintenance costs, vehicle histories, and other related data were inaccurate, unnecessarily complicated, and of limited use for management purposes. They contained omissions, arithmetic errors, and in some cases were illegible. We were told that supervisory staff did not review the mission's vehicle records and that our review was probably the first such check of record accuracy in 10 years.

In cases where operating data was available, it was not always used. For example, vehicle operating reports provided data which could be used to monitor fuel consumption and operating and maintenance costs. These reports were not used for this purpose and significant fluctuations in fuel consumption were not investigated. For example, one Chevrolet Nova in Bangladesh was averaging 17.5 miles per gallon while another averaged only 10.5 miles per gallon. Such variations could be the result of pilferage or improper engine condition either of which should be subjected to timely investigation.

In other cases, records were not available which could be used to monitor operations. We found that neither mission had adequate procedures to ensure that preventive maintenance was performed according to the manufacturer's recommended mileage intervals. For example, oil change schedules are designed to prolong engine life; however, because data was not accumulated, neither post monitored such maintenance. Oil change intervals in both countries were inconsistent with manufacturer's recommended schedules.

Agency officials in Bangladesh agreed with our observations and stated that the records problem exists primarily because of the quality of local national employees. While the post concurred with our observations, it was felt that the situation could not be fully corrected unless another full-time American employee is assigned to the GSO.

We were also advised by officials at both posts that future operating costs would be systematically monitored and any significant fluctuations would be investigated so that corrective action could be implemented. In fact the Embassy in Bangladesh, in response to our observations, checked other maintenance intervals (such as lubrication, automatic transmission fluid changes, and crank case filter changes) and found that they also exceeded those recommended by the manufacturer. We were advised by Embassy officials that maintenance schedules will be prepared based upon the manufacturer's recommended interval and that they will establish responsibilities to ensure the work is actually performed.

While we agree that quality of local national support may impact on records and their utilization, we believe that the required information could be obtained by the existing staff if the reporting system were simplified and by more careful supervisory review.

PREMATURE VEHICLE REPLACEMENT

In Korea the policy and criteria for replacement of sedans varied significantly by agency. While the standard criteria set forth in the Federal Property Management Regulations is 6 years/60,000 miles, the State Department used 3 years and the Defense Attache Office used 6 years or 72,000 miles whichever occurs first. Other agencies such as Foreign Agricultural Service and the Peace Corps did not provide specific age/mileage criteria. Also some agencies do not require consideration of the vehicle operation condition, or provide only limited guidance on this matter as a means to defer replacement beyond prescribed minimum age/mileage standards. For example, the Peace Corps can replace a vehicle after 3 years if repair costs will exceed 10 percent of the original cost; the Drug Enforcement Administration however, can replace a 3-year-old vehicle if the estimated repair cost is equal to at least 18 percent of the original cost. Local regulations issued by State, USIS, and the Foreign Agricultural Service do not provide quantitative criteria for such decisions.

Thus vehicles are being replaced before useful life is used up. For example, five vehicles, all in satisfactory condition, are being unnecessarily replaced because "* * * [the] vehicles have already begun to experience major repairs * * *." The major repairs cited were engine and transmission overhauls performed over the last 2-1/2 years, as shown below.

<u>State Department Vehicle No.</u>	<u>Date of engine overhaul</u>	<u>Date of transmission overhaul</u>
243014	January 1977	None
243015	April 1976	August 1975
243017	May 1976	November 1976
243019	March 1977	March 1977
243021	April 1976	January 1975

These repairs, in some cases, were authorized in an October 1975 decision to spend an average of \$300 on each vehicle to put the engine and transmission in good shape and extend their life several years. The rationale to replace these same vehicles, at an estimated cost of \$5,500 each, ironically was based on the same repair costs which were intended to extend the vehicles' life.

No other data was available to support the repair problems and we were advised that no study or analysis was made to reach the conclusions to replace the vehicles.

Another example of premature replacement involved several trucks. The Embassy had replaced the trucks shown below even though the mileage was low and maintenance costs for the latest calendar year were not excessive.

<u>Vehicle</u>	<u>Age at replacement</u>	<u>Mileage at replacement</u>	<u>Annual maintenance cost relative to acquisition cost</u>
Step van	5 yrs. 9 mos.	42,182	5.5 percent
Panel truck	5 yrs. 8 mos.	48,405	5.0 percent
Pickup truck	5 yrs.	18,743	4.1 percent
Pickup truck	5 yrs.	33,548	11.5 percent
Stake truck	5 yrs. 11 mos.	29,756	8.9 percent
Stake truck	5 yrs. 11 mos.	30,979	9.8 percent
Fuel truck	6 yrs.	37,943	1.6 percent

The replacements were made because the 4 and 5 year replacement cycle for vans and trucks used by State had been met. The minimum replacement cycle recommended by GSA for these same vehicle types, depending upon the vehicle, is 6 to 9 years and 50,000 to 80,000 miles.

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We want to thank you for the excellent cooperation extended to our staff during this study and would appreciate your thoughts on the issues discussed in this letter and any actions taken in response to our suggestions for improvement of vehicle management operations and practices.

In the meantime, should you desire additional information or to more fully discuss the matters contained in this letter please contact Mr. Charles R. Comfort, Assistant Director, Logistics and Communications Division. His telephone number is 275-3637.

Sincerely yours,



Frank C. Conahan
Associate Director