



OFFICE *of* INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION

ASSET MANAGEMENT:

More Effective Management of Vehicle Fleet Would Improve Safety and Reduce Costs

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Memorandum

To: DJ Stadtler
Executive Vice President / Chief Administration Officer

From: Jim Morrison 
Assistant Inspector General, Audits

Date: March 17, 2020

Subject: *Asset Management: More Effective Management of Vehicle Fleet Would Improve Safety and Reduce Costs (OIG-A-2020-007)*

In fiscal year (FY) 2019, Amtrak (the company) owned or leased 2,554 vehicles¹ and spent about \$23 million to support operations of this vehicle fleet. These vehicles range from general purpose sedans, sport utility vehicles, and pickup trucks to specialty vehicles such as dump trucks and utility trucks.

From FY 2013 through FY 2017, our office, the company, and external consultants completed five reports and studies that identified recurring weaknesses in the company's management of its vehicle fleet. The studies found that these weaknesses resulted in safety risks, an oversized and underutilized fleet, misuse of fuel purchase cards, failure to perform timely inspections and preventive maintenance, and other concerns. For example, in 2015, our office reported that the company faced safety and financial risks because it did not routinely check the driving records of employees operating non-commercial vehicles. In 2016, Amtrak's Inspector General also addressed most of these issues in testimony before the House Committee on Oversight and Government Reform.² Further, in October 2017, a company consultant found that the company's general purpose vehicles were underutilized and recommended that the company reduce its fleet by 15 percent.³

Given this history, our objective was to assess the effectiveness of the company's current efforts to better manage its vehicle fleet, including any efforts to respond to

¹ Vehicles in operating status as of September 30, 2019.

² *Vehicle Fleet Management: Opportunities to Improve Utilization, Leasing Practices, and Fuel Card Oversight* (OIG-T-2016-006); Statement of Thomas Howard, Inspector General, National Railroad Passenger Corporation, before the Subcommittee on Transportation and Public Assets, Committee on Oversight and Government Reform, House of Representatives; February 26, 2016.

³ The company has since reduced its fleet by about 100 vehicles.

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our prior observations. To do this work, we reviewed the company's vehicle policies and its efforts to monitor departments' compliance with these policies and reviewed company data on vehicle use, as well as data from the General Services Administration (GSA), which provides most of the company's leased vehicles. We also interviewed officials from the Procurement department, which manages the vehicle fleet, as well as officials from the three departments that account for most of the company's vehicles—Engineering, the Amtrak Police Department (APD), and Transportation. For additional details on our scope and methodology, see Appendix A.

SUMMARY OF RESULTS

The company has addressed some weaknesses in its management of its vehicle fleet, including improving safety by installing dashboard cameras in almost three-quarters of the fleet, and taking steps to right-size the fleet in response to prior reports by reducing it by approximately 100 vehicles. The company has not, however, addressed other longstanding weaknesses, including mitigating remaining safety risks; ensuring that it needs all the vehicles it has; and responding to misuse of fuel purchase cards, overdue maintenance, and past-due inspections.

As a result, the company continues to face increased safety and liability risks and to incur excess costs. We identified \$91,000 in one-time costs that could have been avoided in FY 2019 with stronger controls over fuel cards and preventive maintenance. In addition, we estimate the company could avoid annual lease costs of as much as \$872,000 with stronger controls over vehicle justifications.

Taking the time and making the investment to resolve remaining weaknesses would promote safer and more efficient vehicle management. Therefore, we recommend that the Procurement department take several actions, including requiring more timely coaching and enforcement actions for drivers with safety violations, periodically checking driver's license status and driving histories, requiring the use of more comprehensive criteria to justify obtaining new vehicles and keeping existing ones, and addressing fuel purchase misuse as well as delayed maintenance and required safety inspections.

In commenting on a draft of this report, the Executive Vice President / Chief Administration Officer agreed with our recommendations and identified specific actions the company plans to complete by September 2020 to implement them. These include developing and updating policies with enforcement actions to address driving

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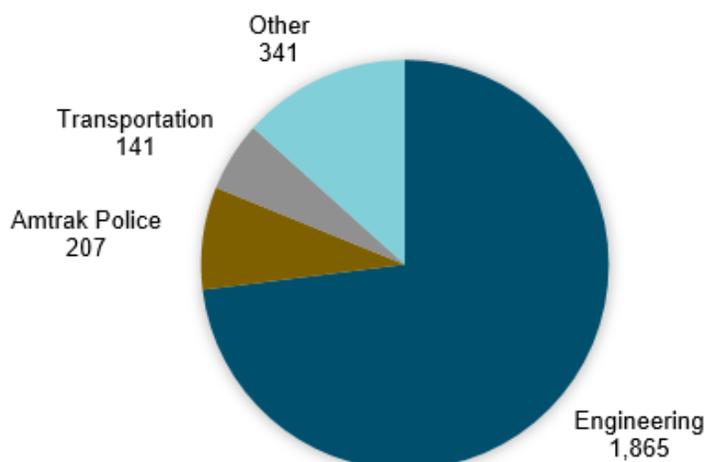
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violations, performing periodic driver's license reviews, and monitoring and enforcing driver compliance with policies covering fuel purchase cards, timely preventive maintenance, and vehicle inspections. In addition, the company will develop and apply new criteria for vehicle justifications and biennial re-justifications. For management's complete response, see Appendix B.

BACKGROUND

The company's largest vehicle users are the Engineering department (1,865 vehicles), APD (207 vehicles), and the Transportation department (141 vehicles). These three departments account for about 87 percent of the fleet, as Figure 1 shows.

Figure 1. Vehicle Allocation by Department



Source: OIG analysis of Procurement department data

The Automotive Group in the Procurement department is responsible for the acquisition and delivery of vehicles to the company's end-user departments, as well as monitoring and reporting on departments' compliance with company policies and federal regulations. The departments are responsible for assessing their vehicle needs, requesting vehicles through the Automotive Group, assigning vehicles to teams or individuals, and providing for the safe and efficient use of these vehicles.

The company leases most of its vehicles from GSA. When GSA does not offer the type of vehicles the company needs—hi-rail vehicles,⁴ for example—the company may buy

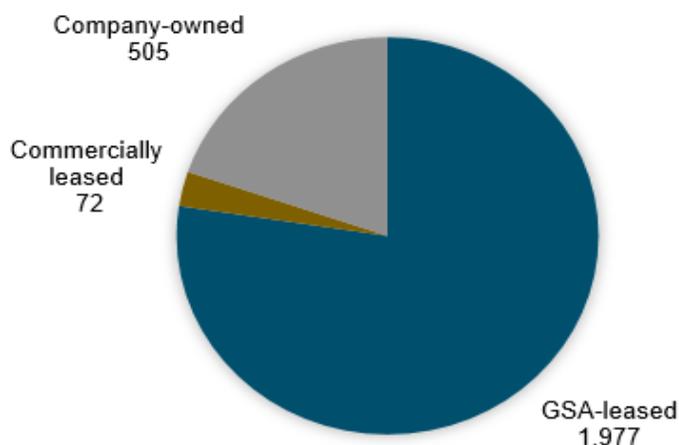
⁴ Vehicles that can operate on both roadways and railroad tracks.

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or lease them commercially. As of the end of FY 2019, the company was leasing 1,977 vehicles from GSA, owned 505 vehicles, and was leasing 72 vehicles commercially, as Figure 2 shows.

Figure 2. Vehicle Allocation by Procurement Source



Source: OIG analysis of Procurement department data

For GSA-leased vehicles, the company pre-pays for the fuel and maintenance through a per-mile fee that GSA sets based on the type of vehicle. GSA then issues purchase cards with each vehicle for drivers to use to pay for fuel and maintenance. GSA monitors card activity for purchases that are not consistent with the terms of the lease agreement and bills the company monthly for any inappropriate purchases, such as premium fuel and food or other general merchandise. For company-owned and commercially leased vehicles, the company issues its own fuel purchase cards for drivers to use for fuel and maintenance and has similar restrictions to GSA on their use.

PROCUREMENT NEEDS A MORE ROBUST VEHICLE FLEET MANAGEMENT PROGRAM TO FURTHER IMPROVE SAFETY AND REDUCE COSTS

Dashboard Cameras Have Improved Safety

As of January 2020, the company has installed dashboard cameras in most of the Engineering department's vehicles and plans to install them in the rest of its vehicle fleet by spring 2020. Dashboard cameras continuously monitor drivers and retain footage when the cameras identify certain behaviors. The company can select the

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behaviors it wants to monitor; since the program's inception, it has focused on speeding, tailgating, and stop sign violations.

The dashboard camera program has been effective in improving drivers' compliance with laws and company policies. FY 2019 data from Procurement, which oversees the program, shows improvements in the following focus areas:

- **Speeding.** The total minutes that drivers exceeded 85 miles per hour decreased from 15,300 minutes in October 2018 to 337 minutes in September 2019—a decrease of about 98 percent.
- **Tailgating.** The total number of incidents in which drivers maintained an unsafe following distance⁵ behind another vehicle decreased from 162 incidents in October 2018 to 57 incidents in September 2019—a decrease of about 65 percent.
- **Stop sign violations.** Drivers committed an average of 715 stop sign violations per month. The number of violations generally trended downward throughout the year, falling from 845 violations in October 2018 to 666 in September 2019, a decline of about 21 percent. Nevertheless, these violations pose safety risks and remain a top priority for the company.
- **Idling.** Although not directly related to safety, the dashboard cameras have helped reduce incidents of engine idle time that cause wear and tear on a vehicle and increase fuel and maintenance costs. The Engineering department reduced incidents of two or more hours of idling from 3,601 in October 2018 to 1,684 in September 2019—a decrease of about 53 percent.

Managers are Inconsistently Responding to Driving Violations

Some drivers continue to repeatedly engage in unsafe driving behaviors, partly because managers are not timely in coaching drivers when the cameras record violations, which is inconsistent with company policy. The Procurement department's policy for the dashboard camera program⁶ states that department managers are to use the recordings to identify drivers with violations and coach them accordingly. The department's policy, however, does not specify when coaching should take place. As a result, from

⁵ Following distance is the space between the trailing car and the car in front. Safe distance is measured as the amount of time between when the rear bumper of the front car and the front bumper of the trailing car front pass the same stationary object. The dashboard cameras measured an unsafe following distance as greater than one second but less than two seconds.

⁶ *Amtrak Dash Cam System*, P/I 11.62.1, December 11, 2018.

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mid-October 2019 through mid-January 2020, department managers were more than 30 days late providing coaching or feedback to drivers responsible for about half of the 2,091 violations during this period. Further, 6 drivers in this group were responsible for 20 or more incidents during the 3-month period.

In addition, the company's policy does not stipulate corrective actions for drivers who continue to violate rules, such as requiring additional safe driver training or suspending their driving privileges. As the company continues to expand the dashboard camera program to the rest of the fleet, updating its policies to include coaching timelines and corrective actions could help reduce the safety risks that unsafe drivers pose to themselves, their coworkers, and the public, as well as the financial risks associated with liability for injuries or property damage.

Company Does Not Check Driver's Licenses or Review Driving Records

The company cannot ensure that drivers operating about 71 percent of the company's fleet⁷ have a valid license and a safe driving record because the Procurement department does not periodically check the driving records of these employees. For example, we recently investigated a driver who operated a company vehicle although he had a Driving Under the Influence conviction and a suspended license.⁸ Typically, the company checks only that drivers have a valid license when it first hires them as part of the general company-wide pre-employment background and criminal screening process.

The Automotive Group is in the process of developing a policy that would require a recurring license screening for about 400 drivers. The company has approved these drivers to take their work vehicles home overnight based on a critical safety or operational business need ("alternate garaging"). These drivers must re-apply for alternate garaging privileges each year; therefore, the company plans to screen their driver's licenses and histories annually for as long as they continue to seek these privileges. The Vice President of Procurement and Logistics told us the department plans to gradually extend the policy to all drivers of company vehicles but will start with these drivers because they already participate in this annual application process.

⁷ APD conducts annual checks of its employees' driving records, which accounts for 8 percent of the fleet. The other 21 percent is subject to federal regulations for commercial vehicles. The Federal Motor Carrier Safety Administration subjects drivers of these vehicles to annual license checks.

⁸ *Violation of Company Policy* (OIG-I-2020-514), February 28, 2020.

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This check, however, would not have flagged the driver from the example above because the driver was not in the pool of 400 employees approved to take vehicles home.

As of January 2020, the department had not developed a timeline for implementing the screening of any non-commercial licenses or obtained the legal clearances necessary to query motor vehicle databases. Further, until the company covers all drivers, it will remain at financial risk for injuries or damages caused by high-risk drivers who are unscreened and therefore undetected.

Vehicle Fleet May be Larger than Needed

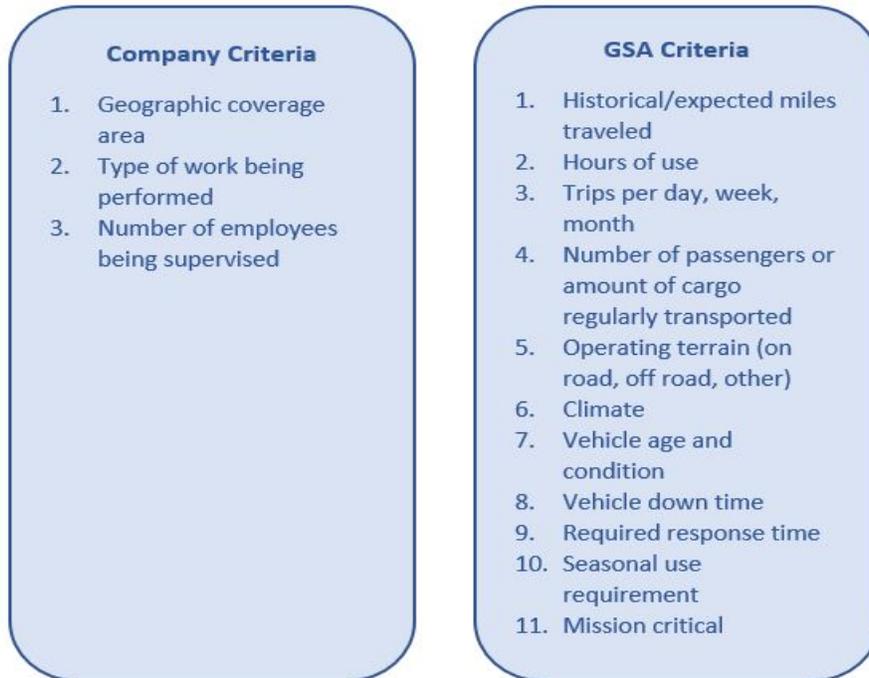
The Procurement department provides guidance to end-user departments to help them assess and reassess their vehicle needs, but the guidance does not include comprehensive criteria to help them objectively quantify and document their justifications. The Procurement department provides three examples of criteria for departments to consider and include in their vehicle requests, which include how much geographic area they cover, what type of work they perform, and, if they are supervisors, how many employees they oversee.

By comparison, GSA, which administers the federal government's fleet, provides 11 examples of criteria for its federal agency clients to consider when assessing and justifying their vehicle needs—for example, "historical, expected miles traveled," "number of trips per day/week/month," and whether the vehicle is "mission-critical," as Figure 3 shows. Although not all criteria would necessarily apply for every vehicle in the company's fleet, having multiple criteria on which to base procurement decisions provides additional rationale for departments to consider when determining and documenting need. Establishing objective and quantitative utilization metrics at the initial procurement point would provide a benchmark by which the company can objectively measure and weigh decisions regarding its continued need for each vehicle.

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Figure 3. Company Criteria for Assessing and Justifying Vehicle Need Compared with GSA's Criteria



Source: OIG analysis of Procurement department policy and GSA criteria

In the absence of comprehensive criteria, we found that departments' requests for new vehicles included few details about their intended operational use. For example, we reviewed the Engineering department's justification for a six-man pick-up truck. The department provided the specifications on size, type, and seating of the requested vehicle, but did not include information on expected mileage, trips, or other objective measures that would allow the company to assess the operational need. In FY 2019, the department spent about \$11,700 to commercially lease this vehicle but used only about one quarter of the expected monthly fuel consumption for a vehicle of this type—an indicator that the vehicle is underutilized and not needed.

Furthermore, Procurement is not enforcing a policy that requires departments to periodically evaluate and certify a continued need for vehicles in their fleets—a process called "re-justification." As of the end of FY 2019, re-justifications were more than two years late for 77 percent of the fleet (1,959 vehicles). The Automotive Group program manager, who was new to the position in 2018, told us he was not aware of the requirement for re-justifications and thus had not required them. In addition, Procurement does not provide criteria for departments to consider during these evaluations—for example, how vehicles' actual mileage compares to initial mileage

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projections or industry averages. Without these periodic objective re-justifications, the company may be missing an opportunity to identify and remove excess vehicles from the fleet.

As a result of the weak justification and re-justification practices, the company's fleet may be underutilized. Using federal utilization regulations, as a benchmark,⁹ we analyzed fuel purchases for the company's 1,145 general purpose vehicles in FY 2019 and estimated that 29 percent¹⁰ of these vehicles were underutilized. These vehicles—including pickup trucks, sport utility vehicles, and sedans—cost the company about \$872,000 in annual lease costs.¹¹ We recognize that the company may need certain vehicles to fulfill its mission that do not meet the utilization criteria we applied, but without any documentation of this need, neither we nor the company can determine whether the vehicle is essential or excessive.

The Vice President for Procurement and Logistics noted that Procurement can and should require departments to consider and document more robust criteria to make decisions regarding each vehicle's need. With a more expansive and defined set of criteria to help departments assess and reassess their vehicle needs, we found—and Procurement managers agreed—the company could better align its fleet with operational needs and ensure that departments fully utilize their vehicles.

Misuse of Fuel Purchase Cards

Consistent with previous studies,¹² we found that some of the company's drivers continue to use their fuel purchase cards inappropriately, including buying premium fuel, non-fuel items such as food and other general merchandise, and excessive fuel—that is, fuel in amounts that exceed a vehicle's fuel tank capacity, which is

⁹ 41 C.F.R. § 101-39.301

¹⁰ We converted the federal utilization metrics that are stated in annual mileage amounts by vehicle type to an average fuel consumption measurement. To perform this conversion, we used the Department of Transportation's National Transportation Statistics from 2017 which report average miles per gallon by vehicle type. For more information on this process, see Appendix A.

¹¹ We excluded from our analysis specialty vehicles such as utility trucks, dump trucks, welding trucks, and vehicles assigned to APD, which is consistent with federal regulations that recommend assessing mission focus for these vehicle types.

¹² 2013 review by the Business Processes and Management Controls (currently the Risk Management and Controls group within the Finance Department) and *Asset Management: Observations on Vehicle Fleet Management* (OIG-MAR-2016-001), October 16, 2015.

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sometimes referred to as an "overfill." For example, in March 2019, a driver made a single \$250 purchase of 96 gallons of gasoline for a vehicle with an 18.6-gallon fuel tank. Department officials told us that overfills generally occur when drivers use their dedicated fuel card to fill other company vehicles or fuel containers for company equipment such as lawn mowers and chain saws.¹³ Our office has identified several cases of misconduct involving fraudulent use of fuel cards,¹⁴ however, for which overfills could be red flags. These incidents merit management attention.

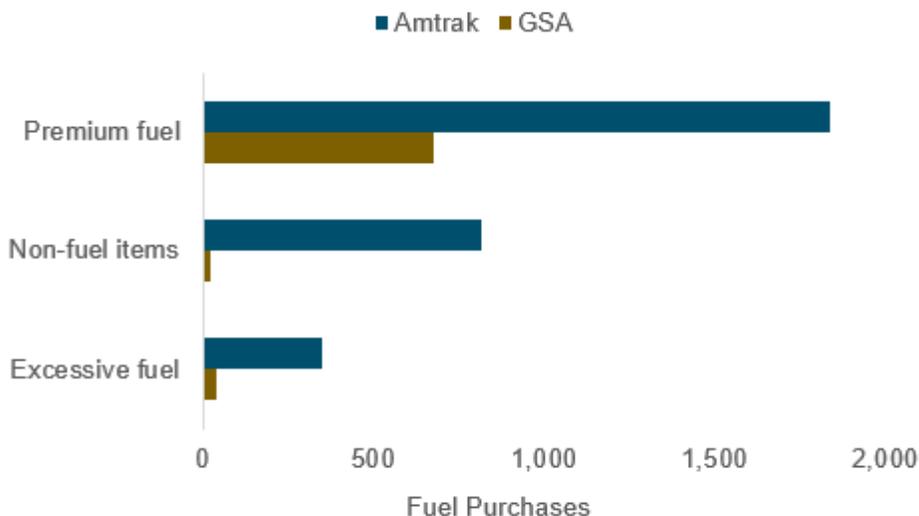
We found significantly higher rates of purchase card misuse for drivers of company-owned and commercially leased vehicles than for drivers of GSA-leased vehicles. This is primarily because GSA monitors drivers' use of fuel purchase cards for GSA vehicles and bills the company for inappropriate transactions, but the Procurement department does not monitor or take corrective actions against drivers who misuse company-owned and commercially leased vehicles. Corrective actions could include taking away the drivers' vehicle privileges or suspending the fuel purchase card. Figure 4 shows these differences.

¹³ Company policy restricts the use of fuel cards to the vehicle to which it is assigned. Employees who need to fuel other company equipment have regular company purchase cards for that purpose.

¹⁴ *Fuel Card Misuse* (OIG-I-2017-508), February 7, 2017; *Fuel Card Misuse* (OIG-I-2016-529), October 21, 2016; *Fuel Card Fraud* (OIG-I-2016-510), February 23, 2016; and *Fuel Card Misuse* (OIG-I-2015-507), July 29, 2015.

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Figure 4. Comparison of Inappropriate Fuel Purchase Card Transactions Between Company and GSA Fuel Purchase Cards



Source: OIG analysis of a comparison of GSA billing and fuel transactions for company-owned and commercially leased vehicle data

In FY 2019, transactions for premium fuel, non-fuel items, and excessive fuel cost the company \$81,532 in unnecessary expenses. With stronger controls over fuel purchase cards, the company could have avoided these costs. Until the department more actively monitors how drivers of company-owned and commercially leased vehicles use fuel purchase cards, holds them accountable for compliant use, and subjects all drivers who misuse cards to corrective actions, the company will continue to incur excess costs.

Overdue Preventive Maintenance

The company does not consistently perform required preventive maintenance on time. This failure is more common for drivers of company-owned and commercially leased vehicles than GSA-leased vehicles. Deferred preventive maintenance—such as oil changes, tire rotations, and brake inspections—can lead to costly engine failures and premature system replacements.

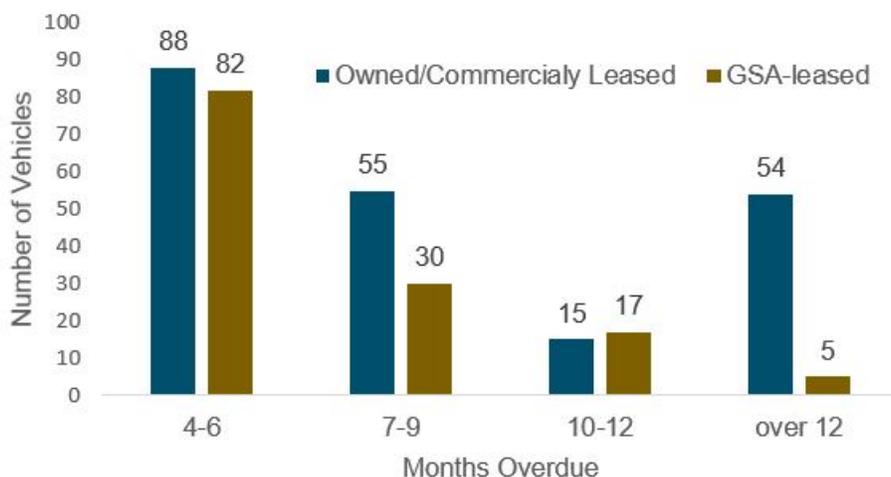
As of December 2019, drivers of 212 company-owned or commercially leased vehicles were more than 4 months overdue addressing preventive maintenance requirements compared with 134 GSA-leased vehicles. The Automotive Group in Procurement monitors preventive maintenance requirements for all vehicles and notifies drivers of the upcoming dates; the drivers are responsible for having the maintenance performed at an approved vendor in accordance with the schedule. Figure 5 shows the numbers of

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vehicles with overdue preventive maintenance for company-owned and commercially leased vehicles and GSA-leased vehicles.

Figure 5. Company-owned and Commercially Leased Compared with GSA-leased Vehicles Overdue for Preventive Maintenance



Source: Amtrak OIG analysis of Procurement department data.

These differences are primarily attributable to differences between GSA and the company in preventive maintenance monitoring and enforcement. Although the company does not monitor repair costs due to deferred maintenance, GSA actively monitors repair costs and bills the company for any maintenance performed at an unapproved vendor and any repairs resulting from overdue preventive maintenance. For example, we identified a case in January 2019 in which GSA billed the company for \$9,479 for repairs needed after a “lack of oil changes caused the engine to seize.” Unlike GSA, however, the Procurement department does not track the repair costs related to deferred maintenance and thus does not know when these delays lead to excess costs. With stronger controls over preventive maintenance, the company could have avoided these repair costs.

For all fleet vehicles, a Procurement department official told us that preventive maintenance may be overdue because the responsible party listed in the vehicle records is not always up to date. In other cases, the official told us that the driver may have taken a company-owned or commercially leased vehicle to an unapproved vendor; therefore, the company would not have received an invoice and would not know that the preventive maintenance was complete. Nonetheless, the Procurement department does not track excess repair costs, which is not consistent with management control standards that recommend using quality data to make decisions. Further, the company

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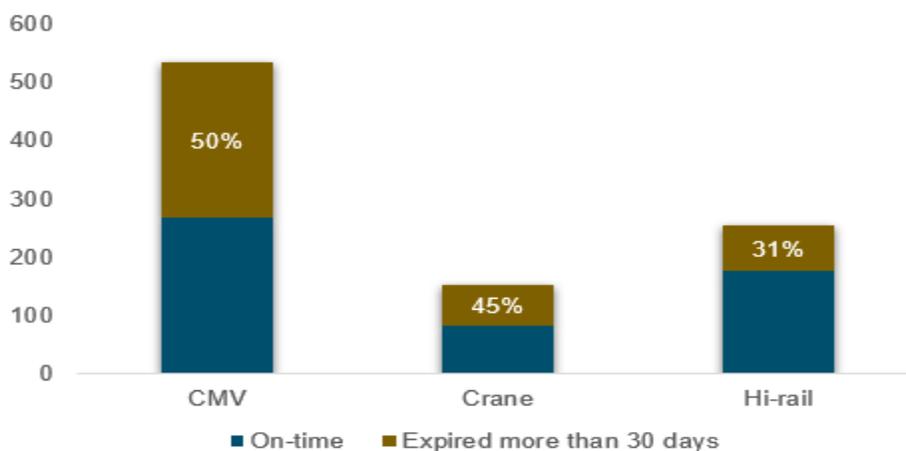
does not take corrective actions such as removing the vehicle from service or suspending the fuel purchase card. As a result, the company is not able to determine how much this non-compliance is costing and is not able to encourage better compliance through deterrence.

Federal Safety Inspections Not Performed On Time

The company does not consistently ensure federal safety inspections are completed on time. The company must meet federal safety inspection requirements annually for any vehicle classified as a commercial motor vehicle,¹⁵ crane,¹⁶ or hi-rail vehicle.¹⁷ According to federal regulations, the company could incur fines for such vehicles with past due inspections, although the Automotive Group program manager was not aware that the company incurred any fines for overdue inspections.

As of December 2019, the company had 941 vehicles subject to federal inspection requirements and had completed just 529 of these inspections on time (56 percent). Inspections for the remaining 412 vehicles (44 percent) were overdue by at least 30 days, as Figure 6 shows. Of the overdue inspections, about half were overdue by a year or more.

Figure 6. Status of Federal Inspections



Source: OIG analysis of Procurement department data

¹⁵ 49 C.F.R. § 396.17

¹⁶ 29 C.F.R. § 1926.1412

¹⁷ 49 C.F.R. § 214.523

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The Procurement department monitors when inspections are due and notifies the individual assigned to the vehicle of this requirement. The vehicle driver is responsible for taking the vehicle to an approved inspection station for inspection. Again, however, the department has not developed actions to take when drivers do not complete the inspections on time, such as taking the car out of service or suspending the driver's fuel purchase card. As a result, the company cannot ensure that its vehicle-based equipment is operating in a safe manner and could potentially incur hefty federal fines for failing to keep current with inspections.

CONCLUSIONS

Safety and financial excellence are both high priorities for the company. Reasonable controls to mitigate the risks that unsafe drivers pose and reduce the costs associated with underutilized vehicles would help advance these goals. Notably, timely and well-defined management oversight of the dashboard camera program would likely further reduce unsafe driving behaviors, including those by repeat offenders. In addition, checking the licenses and driving histories of all drivers entrusted with fleet vehicles could potentially take the keys out the hands of unsafe drivers, improving safety and decreasing financial liability. Further, a more robust vehicle justification process would help ensure that the company's vehicles align with departmental needs and assist in identifying and removing unneeded vehicles from the fleet, thereby reducing as much as \$872,000 annually on vehicle lease costs. Finally, adopting GSA's practices for monitoring and enforcing fuel purchase card misuse, overdue preventive maintenance, and past-due inspections would encourage better compliance with these important functions and support the company's financial and safety goals. Because of weak controls over these functions, we identified \$91,000 in one-time costs in FY 2019 that represent funds that could have been put to better use.

RECOMMENDATIONS

To help resolve the remaining safety risks and longstanding management weaknesses in the company's vehicle program, we recommend that the Chief Procurement Officer, through the Automotive Group, take the following actions and update its governing policies accordingly:

1. Update the Dashboard Camera policy to establish timeframes for coaching drivers with recorded violations; specify appropriate corrective actions for drivers with repeat violations such as requiring safe driver training or

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suspending driving privileges; and hold departments accountable for taking these actions.

2. Finalize and implement policy and process to conduct routine checks to ensure that all drivers of the company's vehicle fleet maintain valid licenses and are free of serious driving violations and define a range of corrective actions for any drivers with identified problems.
3. Develop and apply more comprehensive criteria—including quantitative metrics such as fuel consumption, mileage, and daily use—and require departments to consider, apply, and document all applicable criteria in their justifications for new vehicles. Using similar criteria, require departments to systemically re-justify the need for their vehicles every two years in accordance with company policy.
4. Monitor company-managed fuel purchase cards, develop corrective actions to respond to fuel purchase card misuse, begin tracking the repair costs associated with overdue preventive maintenance, and hold departments accountable for taking actions when drivers do not adhere to preventive maintenance and inspection requirements.

MANAGEMENT COMMENTS AND OIG ANALYSIS

In commenting on a draft of this report, the company's Executive Vice President / Chief Administration Officer agreed with our recommendations and described the company's actions and plans to address them, which we summarize below.

- **Recommendation 1:** Management agreed to update the Dashboard Camera policy. Management stated that the Procurement department will update the policy to include progressive corrective actions to address drivers with violations. The target completion date is September 30, 2020.
- **Recommendation 2:** Management agreed to develop a policy and process to conduct driver's license status and history checks for all drivers and define corrective actions for drivers identified with problems. The company will begin to conduct checks of drivers approved for alternate garaging in October 2020 and will expand the process to include the remaining drivers over the next 12 months. The target completion date is September 30, 2020.

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- **Recommendation 3:** Management agreed to develop and use better criteria to justify new vehicles and periodically re-justify the need for the existing fleet. Management stated that the Procurement department, in coordination with other departments, will develop more comprehensive criteria, including quantitative measures such as expected fuel consumption and mileage, and apply them when acquiring new vehicles and re-justifying the existing fleet. The target completion date is September 30, 2020.
- **Recommendation 4:** Management agreed that the Procurement department will monitor fuel card purchases using data analytics and enforce any violations on the use of these cards. Management also agreed to track repair costs resulting from noncompliance with preventive maintenance requirements and to develop a policy to address driver non-compliance with both preventive maintenance and inspection requirements. The target completion date is September 30, 2020.

For management's complete response, see Appendix B.

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APPENDIX A**Objective, Scope, and Methodology**

Our objective was to assess the effectiveness of the company's current efforts to better manage its vehicle fleet. The scope of our audit focused on the company's vehicle policies and its efforts to monitor departments' compliance with these policies as they relate to safety and financial risks. We focused our review on the Procurement department, which manages the vehicle fleet, as well as the three departments that account for most of the company's vehicles—Engineering, APD, and Transportation. We conducted this audit from February 2019 through February 2020 in Bear, Delaware; Philadelphia, Pennsylvania; and Washington, D.C.

To address safety issues, we reviewed recent programs in place to identify and correct unsafe driving behaviors, including the new inward- and outward-facing dashboard cameras. We spoke with the official responsible for administering the company's dashboard camera program and obtained direct access to the system to view recorded incidents and verify system-produced reports. We also used this system to assess the status of coaching for Engineering employees with recorded safety violations from October 15, 2019 through January 15, 2020. To follow up on a prior concern regarding driver qualifications, we spoke with Procurement officials regarding periodic reviews of the license status and driving histories of all drivers.

To assess financial issues, we reviewed company policies and processes for justifying the initial procurement of new vehicles, as well as compliance with a requirement for biennial re-justification of these vehicles. To assess whether the company's criteria is sufficiently rigorous to confirm a need for a vehicle, we compared the company's criteria to the GSA recommendations that agencies and others use to assess and verify need. We used Maximo, the company's asset management system, to assess whether departments were re-justifying vehicle need every two years as required. We considered a vehicle's re-justification to be overdue if it was in service before January 2018 and had not been re-justified from January 2018 through January 2020.

To identify underutilized vehicles, we examined fuel purchases for 1,145 general purpose vehicles operating and in service at the end of FY 2019. We compared each vehicle's average monthly fuel purchase while in service to the criteria we developed

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based on federal regulations.¹⁸ Because the federal regulations use vehicle utilization guidelines stated as a factor of annual mileage targets by vehicle type, we used the average fuel efficiency data¹⁹ for each vehicle type to convert the monthly mileage targets into monthly fuel consumption. Additionally, we excluded specialty vehicles such as dump trucks, utility trucks, and law enforcement vehicles, based on the federal guidelines. We then identified potential excess costs by totaling the monthly lease costs for all underutilized, general purpose vehicles and multiplying it by 12 months.

We also assessed driver compliance with company policies regarding fuel purchase cards, preventive maintenance, and federal safety inspections. For purchase card misuse for company-owned and commercially leased vehicles, we examined FY 2019 data from Wright Express, the administrator for company purchase cards. To identify excess fuel purchases, we compared these purchases to the fuel tank capacities listed in the company's vehicle inventory records in Maximo. To identify premium and non-fuel purchases, we used the National Association of Convenience Store's standardized codes for fuel types and general merchandise. To identify purchase card misuse by drivers of GSA-leased vehicles, we reviewed GSA charges to the company in FY 2019 for excess fuel, premium fuel, and non-fuel purchases.

To assess the status of the company's vehicle fleet preventive maintenance, we obtained the Procurement department's December 2019 monthly reports notifying departments which vehicles were due for maintenance. We also identified past due inspections for commercial motor vehicles, cranes, and hi-rail equipment by reviewing expiration dates in Maximo.

We conducted this performance audit in accordance with generally accepted governmental 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 objective.

¹⁸ 41 C.F.R. § 101-39.301

¹⁹ We used the 2015 average fuel efficiency for passenger and light duty vehicles from the Department of Transportation's Bureau of Transportation Statistics' report of National Transportation Statistics, Appendix 4-23, <https://www.bts.gov/content/average-fuel-efficiency-us-light-duty-vehicles-metric>.

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Internal Controls

To assess the company's internal controls, we reviewed its practices and compared them to the company's policy and procedures, as well as the management control standards used in the private sector. We also reviewed the company's current Procurement policies to assess the design of its internal controls. To better understand and assess the implementation of its controls, we interviewed company officials, including those responsible for implementing management controls, and we analyzed vehicles inventory and use data to assess the effectiveness of controls. We did not review the Procurement department's overall system of controls.

Computer-Processed Data

To achieve our objective, we relied on computer-processed data from the company's vehicle database, Maximo, GSA fuel purchase card data, and Wright Express fuel purchase card data. We discussed these data with a Procurement official, as well as representatives from fuel purchase card vendors, GSA, and Wright Express. To validate the completeness of these data, we reconciled fuel card purchases to vehicles on the company's premises as of October 1, 2019. When these did not reconcile, we spoke with Procurement officials and determined that the company only recently received most of those vehicles; therefore, they were not in service yet. Based on this analysis, we concluded that this population was complete.

To assess the reliability of these data, we analyzed the data for obvious errors, including negative values, blanks, and illogical entries. Additionally, we discussed the minor discrepancies we found with the officials noted above. Based on these tests, we determined that the discrepancies we found were negligible and that the data were sufficiently reliable for meeting our objective.

Prior Reports

In conducting our analysis, we reviewed and used information from the following Amtrak OIG reports:

- *Violation of Company Policy* (OIG-I-2020-514), February 28, 2020
- *Fuel Card Misuse* (OIG-I-2017-508), February 7, 2017
- *Fuel Card Misuse* (OIG-I-2016-529), October 21, 2016

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- *Vehicle Fleet Management: Opportunities to Improve Utilization, Leasing Practices, and Fuel Card Oversight* (OIG-T-2016-006); Statement of Thomas Howard, Inspector General, National Railroad Passenger Corporation, before the Subcommittee on Transportation and Public Assets, Committee on Oversight and Government Reform, House of Representatives; February 26, 2016
- *Fuel Card Fraud* (OIG-I-2016-510), February 23, 2016
- *Asset Management: Observations on New Jersey High-Speed Rail Improvement Program (NJ HSRIP) Vehicle Management* (OIG-MAR-2016-005), February 19, 2016
- *Asset Management: Observations on Vehicle Fleet Management* (OIG-MAR-2016-001), October 16, 2015
- *Fuel Card Misuse* (OIG-I-2015-507), July 29, 2015

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APPENDIX B

Management Comments

NATIONAL RAILROAD PASSENGER CORPORATION

Memo



Date	March 6, 2020	From	DJ Stadtler, EVP
To	Jim Morrison, Assistant Inspector General, Audits	Departments	Administration
		cc	Eleanor Acheson, EVP General Counsel Stephen Gardner, Sr. EVP Carol Hanna, VP Controller Roger Harris, EVP Scot Naparstek, EVP COO Dennis Newman, EVP Steven Predmore, EVP Mark Richards, Sr Director Amtrak Risk & Controls Mark Vierling, VP Procurement and Logistics Tracie Winbigler, EVP CFO Christian Zacariassen, EVP CIO
Subject	Management Response to <i>ASSET MANAGEMENT: More Effective Management of Vehicle Fleet Would Improve Safety and Reduce Costs</i> (Draft Audit Report for Project No. 006-2019)		

This memorandum provides Amtrak's response to the draft audit report entitled, "*ASSET MANAGEMENT: More Effective Management of Vehicle Fleet Would Improve Safety and Reduce Costs*". Management appreciates the opportunity to respond to the OIG recommendations. As indicated in our responses, we agree with each of the OIG recommendations and will initiate actions to address each in a timely manner.

Recommendations:

To help resolve the remaining safety risks and longstanding management weaknesses in the company's vehicle program, we recommend that the Chief Procurement Officer, through the Automotive Group, take the following actions and update its governing policies accordingly:

1. Update the Dashboard Camera policy to establish timeframes for coaching drivers with recorded violations; specify appropriate corrective actions for drivers with repeat violations such as requiring safe driver training or suspending driving privileges; and hold departments accountable for taking these actions.

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Management Response/Action Plan: The Procurement and Supply Chain team will continue to lead the remainder of the Dash Cam installations. Additionally, we will jointly define including the cadence for distribution, the violation summaries to be sent to end-user departments. With guidance from the end-user departments, Procurement will continue to revise and develop policies to add escalation and metrics to address violations.

Responsible Amtrak Official(s): Mark Vierling CPO, Gery Williams CE, Charlie King CMO, Neil Trugman Chief of Police.

Target Completion Date: 9/30/2020

2. Finalize and implement policy and process to conduct routine checks to ensure that all drivers of the company's vehicle fleet maintain valid licenses and are free of serious driving violations and define a range of corrective actions for any drivers with identified problems.

Management Response/Action Plan: Management currently conducts annual checks for employees that operate with a Commercial Driver's License (CDL), all Amtrak Police drivers, and all alternate garage drivers starting in FY20. This includes validation and review of violations, which will continue to expand over the next 12 months. In the event of significant violation(s), Procurement will communicate to the end-user department in order to determine appropriate action in accordance with the forthcoming escalation policy.

Responsible Amtrak Official(s): Mark Vierling, Gery Williams, Charlie King, Neil Trugman

Target Completion Date: 9/30/2020

3. Develop and apply more comprehensive criteria-including quantitative metrics such as fuel consumption, mileage, and daily use-and require departments to consider, apply, and document all applicable criteria in their justifications for new vehicles. Using similar criteria, require departments to systemically re-justify the need for their vehicles every two years in accordance with company policy.

Management Response/Action Plan: Procurement and Supply Chain will work with end-user departments to develop data driven criteria as justification in the acquisition of new vehicles. These criteria (or an applicable subset) will also be used to support and execute the prescribed two-year justification policy that was referred to as being in non-compliance as noted in this report.

Responsible Amtrak Official(s): Mark Vierling, Gery Williams, Charlie King, Neil Trugman

Target Completion Date: 9/30/2020

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4. Monitor company-managed fuel purchase cards, develop corrective actions to respond to fuel purchase card misuse, begin tracking the repair costs associated with overdue preventive maintenance, and hold departments accountable for taking actions when drivers do not adhere to preventive maintenance and inspection requirements.

Management Response/Action Plan: As Procurement and Supply Chain develops and expands its analytics initiatives, we will continue to refine metrics and reporting associated with monitoring employee use and exceptions to policy of fuel card activity. With regards to preventative maintenance, with the implementation of robust analytics, Procurement and Supply chain will also define policy(ies) intended to strengthen adherence and drive accountability via escalation to failure to meet prescribed and time sensitive maintenance activities.

Responsible Amtrak Official(s): Mark Vierling, Gery Williams, Charlie King, Neil Trugman

Target Completion Date: 9/30/2020

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APPENDIX C

Abbreviations

APD	Amtrak Police Department
FY	fiscal year
GSA	General Services Administration
OIG	Amtrak Office of Inspector General
the company	Amtrak

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APPENDIX D

OIG Team Members

Eileen Larence, Deputy Assistant Inspector General, Audits

Leila Kahn, Senior Director, Lead

Todd Kowalski, Senior Audit Manager

Walter Beckman, Senior Auditor, Lead

John Zsamar, Senior Auditor, Lead

Alison O'Neill, Communications Analyst

OIG MISSION AND CONTACT INFORMATION

Mission

The Amtrak OIG's mission is to provide independent, objective oversight of Amtrak's programs and operations through audits and investigations focused on recommending improvements to Amtrak's economy, efficiency, and effectiveness; preventing and detecting fraud, waste, and abuse; and providing Congress, Amtrak management, and Amtrak's Board of Directors with timely information about problems and deficiencies relating to Amtrak's programs and operations.

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800-468-5469

Contact Information

Jim Morrison

Assistant Inspector General, Audits

Mail: Amtrak OIG

10 G Street NE, 3W-300

Washington, D.C. 20002

Phone: 202-906-4600

Email: James.Morrison@amtrakoig.gov